

THE INDEPENDENT

Nº 3,230

WEDNESDAY 26 FEBRUARY 1997

WEATHER: Showers and cool westerly wind

(IR45p) 40p

And this, they say, is how to keep a healthy population of hares



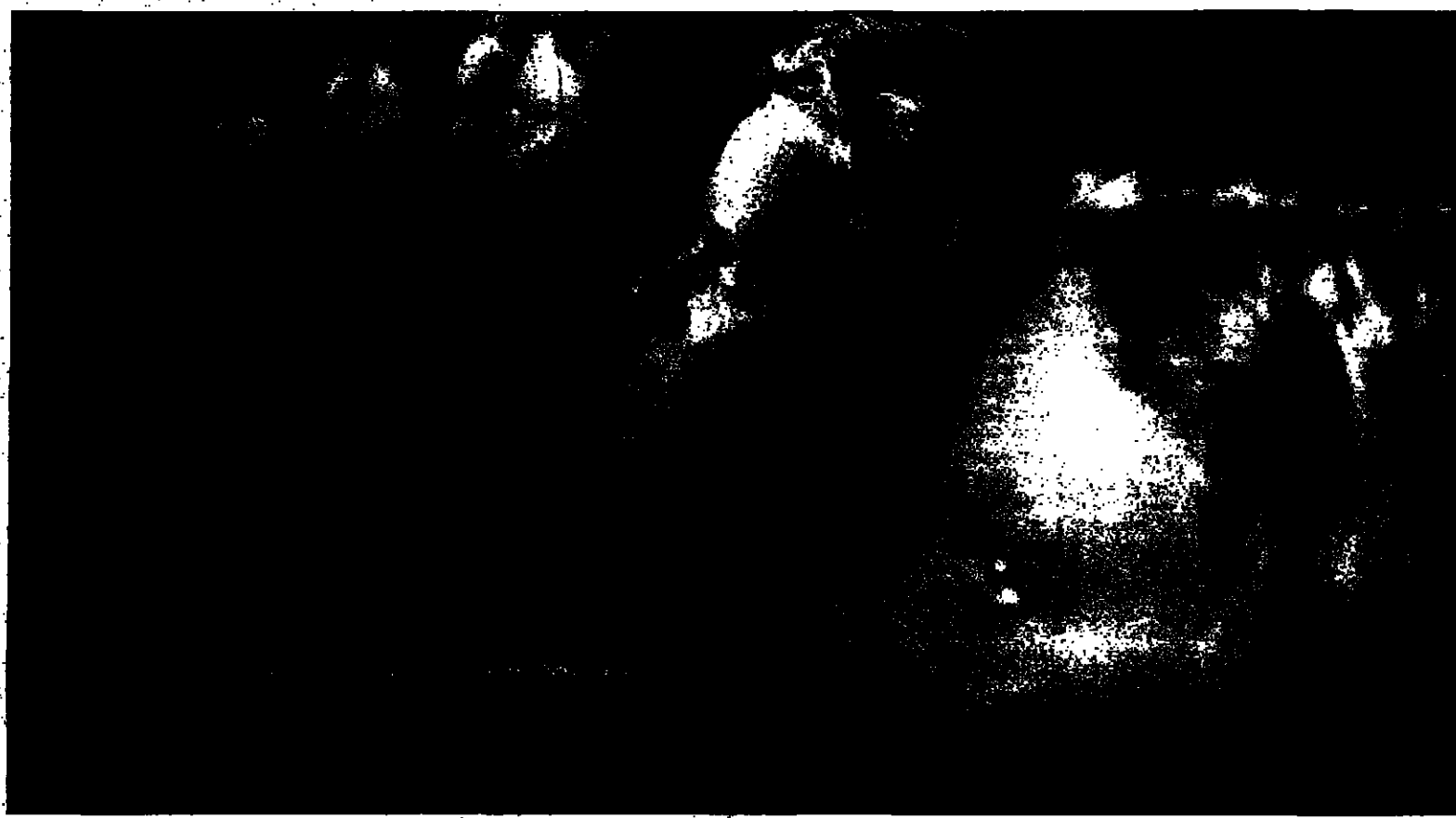
This hare does not have a healthy future - in fact it has about 10 seconds to live before being ripped to shreds by two pursuing greyhounds in front of a crowd of gawping spectators. Animal rights campaigners yesterday took part in a token demonstration at what could be the last "Cup Final" of hare coursing, the Waterloo Cup, in Altcar, Merseyside. If Labour wins the election, the 161-year-old Cup will be the subject of a free vote on the banning of hunting with hounds. John Haigh of the British Field Sports Society claimed hare coursing helped preserve a "huge and healthy" hare population in the area which would otherwise be killed as pests. Photograph: Craig Easton

The spectre of a human clone

Charles Arthur
Science Editor
Rupert Cornwell
Washington

In the past few days, we have lived through a change in our condition as momentous as the Copernican revolution or the splitting of the atom

Andrew Marr,
page 17



Ethical conundrum: Cloning enthalls the US but President Bill Clinton voiced concern over applying the technology to humans Photograph: Brian Harris

International calls for new laws to prevent the cloning of humans are growing as the full implications of the cloning of a sheep by scientists in Edinburgh begin to dawn.

Some scientists even compared the possible effects on humanity to the atomic bomb, while President Clinton said the cloning of Dolly the sheep raised "serious ethical questions, particularly with respect to the possible use of this technology to clone human embryos". He told a panel of bioethics experts to report back to him in 90 days on the ethical and legal implications of the Edinburgh work.

Since the news first emerged on Sunday, the cloning breakthrough has enthralled the US. That same day the story led the *New York Times*, the country's most prestigious newspaper. Since then it has dominated television newscasts, provoked weighty leading articles, and provided endless grist for the talkshows. The fascination partly reflects an obsession with scientific and medical news in a country where tenuous results from routine health studies make front-page headlines. But it is also a measure of the ethical and legal conundrums raised by the possible cloning of humans. In France Philippe Vasseur, the farm minister, raised the bizarre spectre of "six-legged chickens" and promised stiff new controls if the tech-

nology led to "monstrous" experiments with nature.

More material benefits of the work showed up in a booming share price for PPL Therapeutics, which carried out the work with scientists at the Roslin Institute in Edinburgh. PPL's shares have risen by more than a third since Monday

morning, increasing its market value by £25m.

However, the Roslin scientists own no shares in the company, and will not benefit directly from their breakthrough. The cloning technology has been patented jointly by PPL and the Institute, though that might not prevent a de-

termined - and very wealthy - person from spending millions of pounds to put together a cloning laboratory for their personal immortality.

The UK, Spain, Germany, Canada and Denmark have laws against cloning humans, as do some individual states in the US. France and Portugal also

have very restrictive laws on the use of cloning. But many countries do not. That has raised the possibility that publication tomorrow in *Nature*, the scientific journal, of the technique involved in using a cell from an adult sheep to produce Dolly could be used to clone people.

Professor Martin Johnson, of the Human Fertilisation and Embryology Authority, said yesterday: "The important thing isn't to raise fears about what might go on here [the UK], but elsewhere. There's a general consensus that cloning people would be negative, but the legal framework isn't unified." In the US, for example, federal

funds cannot be used to fund research on human embryos. But the position is unclear for privately-funded science.

Joseph Rotblat, the British physicist who won the Nobel Peace Prize in 1955 after battling for years against nuclear weapons, said: "My worry is that other advances in science may

result in other means of mass destruction, maybe more readily available even than nuclear weapons. Genetic engineering is quite a possible area, because of these dreadful developments that are taking place there."

It is still uncertain whether it would be possible to clone a human from an adult cell. Dolly was produced by taking a cell from an adult sheep and putting it into a "genetic coma". The nucleus and DNA of that cell was then put into an unfertilised egg from which the DNA had been removed, and the resultant cell implanted into a ewe.

In theory the same principle might work in humans. But it has failed in frogs and mice, because it is more difficult to put their cells into the required form of genetic coma. Scientists instead now want to try the technique on pigs and cows.

Professor Grahame Bulfield, director of the Roslin Institute, insisted yesterday that they would not allow cloning to be used in harmful ways, and especially not for work on humans. Instead, he said, the breakthrough could in the long term lead to a myriad of new ways to help humans. Herds of transgenic animals could be farmed for proteins, blood and organs. Gene therapy, with its ability to replace faulty genes with good ones, could provide cures for fatal diseases.

It could take years for the technology to be proven and field-tested sufficiently to be licensed. But after that it could be worth millions of pounds annually, with a huge number of applications.

Labour will audit Treasury to see if Tories cooked the books

Labour will order an independent audit of the nation's finances, if it wins in May, because it is suspicious that the Conservatives may bequest a hidden economic time bomb.

In a move which is likely to cause hostility within the Treasury where it will be viewed as tantamount to an accusation that the books have been cooked, Gordon Brown would set up the audit as soon as he got into the Treasury.

In a speech today, the shadow Chancellor will set out the machinery for delivering the monetary policy, the low inflation, the investment and the sustained growth he wants to achieve in office.

He says that Labour "hates inflation" and wants sustained growth, but that requires a shake-up at the Treasury and the Bank of England to get rid of the instability generated by the so-called Ken and Eddie soap opera.

The most immediate reform

EXCLUSIVE by Anthony Bevins

taken by Mr Brown would be the setting up of an independent check on the legacy that would be left by the Conservatives.

Labour leaders are acutely conscious of the hidden economic crisis inherited by Harold Wilson in 1964, after 13 years of Conservative rule, leading to a forced devaluation for which Labour took the full blame.

Labour is also aware that if it had won the last election, in 1992, it would have been expected by the Tories for the inevitability of sterling's fall from the European exchange rate mechanism, and the humiliation of the subsequent plunge in the value of the pound.

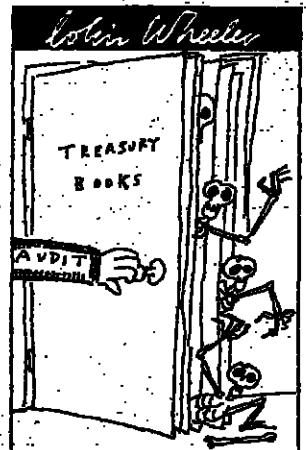
Labour is planning a full scale budget before Parliament breaks for its summer recess in July, within 10 weeks of taking over from the Tories. But Mr Brown will say today: "We will ensure that the Government's

fiscal projections are properly audited before the Budget."

It was not clear last night which independent group would carry out the audit, but one senior Labour source said Mr Brown would insist on "kitchen, credible figures" - the hard truth, independently verified, on borrowing, debt and expenditure programmes.

Also, out will go the Treasury's current team of "wise people" who provide an independent assessment of government economic and monetary policy; a system condemned by Mr Brown as "haphazard."

Treasury advice would be headed with a new Council of Economic Advisers, "reflecting a wider range of economic expertise". In an attempt to bolster the Bank's performance, Mr Brown would set up a Bank Monetary Policy Committee, chaired by the Gover-



nor, and including up to four outsiders brought in to enhance the Bank's reputation. Mr Brown will say: "I have not hidden the fact that the parlous state in which the Government has left the public finances, with public borrowing at £26bn this year ... will mean difficult

choices on public spending." He will say that the personalisation of the differences between Kenneth Clarke, the Chancellor of the Exchequer, and Eddie George, Governor of the Bank of England, risked undermining the credibility of interest rate and inflation policy.

"This risk has become a reality now that the argument between the Governor and the Chancellor is conducted through speeches and interviews on both sides."

In an attempt to show that he means business, Mr Brown will say: "Inflation undermines business success. It creates instability. It harms investment and the damage it does, as the experience of the late Eighties shows, takes years to undo. There is an additional reason why Labour hates inflation. The people who suffer most are those on fixed and low incomes, especially the elderly, the people who are least able to defend themselves."

QUICKLY

Plans to sell Tube

The Government announced that it would sell the London Underground, which ferries 2.7 million people around the capital every day. It insisted that money raised in the sale would be put back into the cash-strapped system. Page 3

Deng's last farewell

The final legacy of Deng Xiaoping proved to be the freedom not to have to mourn him, as shoppers in Peking ignored a live transmission of his hour-long memorial ceremony broadcast from the Great Hall of the People where 10,000 senior party and government officials gathered before a casket containing his ashes. Page 12

Alert over tests

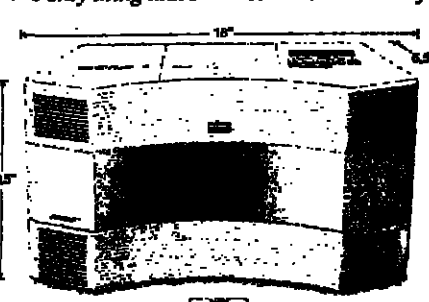
A hunt began yesterday for up to 500 people who may have been given inaccurate tests for HIV infection, sexually transmitted diseases and cervical cancer by an unregistered doctor working in a clinic in south London. Page 5

Court martial unfair

Britain's court martial system is unfair and contravenes the European Convention on Human Rights, the European Court of Human Rights found. Page 8

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will she,
won't she?

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news

significant shorts

Europe to investigate jail treatment of McAliskey

The European Parliament is to send a delegation to Holloway Prison to investigate complaints about the detention of Roisin McAliskey amid mounting international concern about her treatment.

The 25-year-old daughter of the former nationalist MP Bernadette Devlin is being held on remand pending extradition to Germany for questioning in connection with the IRA mortar attack on a British army barracks at Osnabrück last year. She is seven months pregnant but as a Category A high security prisoner, she is held in solitary confinement and is strip-searched daily.

The Irish government raised a formal protest about the conditions of her detention last week. Dick Spring, the Republic's foreign minister, called in the British ambassador in Dublin to demand that Ms McAliskey be given bail and to insist that she is at least entitled to "basic decency" while in jail. The European Parliament's all party Civil Liberties committee yesterday agreed to send a three member delegation despite objections from a number of British MEPs.

Katharine Butler

Storms set to return by weekend

The tempest that tore across the country yesterday and on Monday night, causing 11 deaths and extensive damage, might return by the weekend, weather forecasters warned yesterday.

The London Weather Centre said the country is in the middle of a "very windy and unsettled weather system". In two days these winds will be affecting the north of the country. In the meantime local features such as valleys and buildings will produce some very high gusts, said a spokesman. The violent storms during the past two days prompted fatal road accidents. They also caused flash floods and left fallen trees littering roads. Winds gusting up to 80mph were commonplace with the highest wind - of 90mph - recorded at Lee-on-the-Solent, Hampshire.

Matthew Brace

New proposal to lift beef ban

Douglas Hogg, the agriculture minister, yesterday put a new proposal to Europe aimed at lifting the ban on British beef. Under the proposal, meat and beef products from herds certified as BSE-free would be exported again. The Export Certified Herds Scheme is an important step along the road to the restoration of British

beef on the world market, according to Mr Hogg.

"This is only the first step," he said. "It is common to everyone in the industry that we need to get this ban lifted. We have made a judgement that we have to move step by step. We aim for this [one] to be followed as swiftly as possible by another." The scheme, which will apply to farmers in Northern Ireland in particular because of the lower incidence of the disease there, may yet be frustrated by Europe, he said.



E.coli butcher prepares to re-open

John Barr, the butcher whose shop was linked to the E. coli 0157 outbreak in Scotland which claimed 18 lives, last night prepared to re-open for business on Thursday - and told of the "hell" he and his family had suffered.

But Paul Santoni, the lawyer for some of those hit by Europe's worst outbreak of the infection, called the re-opening "surprising".

The decision to resume business was announced yesterday by Mr Barr's lawyer, George Moore, who said the butcher had worked closely with environmental officials and had received their agreement to open again. Mr Barr, 51, is awaiting trial on a charge of culpable and reckless conduct in relation to the alleged supply of contaminated meat.

Billie-Jo foster father released

Detectives hunting the killer of the 13-year-old schoolgirl Billie-Jo Jenkins have released her foster father Sion Jenkins on police bail to return in five weeks. Mr Jenkins, 39, was arrested on Monday in Hastings, West Sussex, and held for questioning. Billie-Jo was battered over the head with an 18-inch metal tent peg as she painted the patio doors in the back garden of her home in Hastings on 15 February. Mr Jenkins and his wife, Lois, held a press conference shortly after the killing on 15 February at which they said that their 10-year-old daughter was the first to discover the body of Billie-Jo.

Matthew Brace

Police to hold evidence longer

The police are to be forced to keep evidence from criminal cases for longer following the Bridgewater Four miscarriage of justice which was uncovered only after tests were made on 19-year-old evidence. The Government had planned to introduce a new law that would require police forces to keep all evidence for a minimum of three years. At present there are no time limits. But the Bridgewater case, in which three men spent 18 years in jail for a murder they did not commit, with another man who died while in prison, has prompted the Home Office to reconsider their proposals.

Jason Bennetto

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Back issues of the Independent are available from: Historic Newspapers, telephone 01988 840370.

people



Sifiso at Heathrow with Mrs Stopford (left) and her daughter, Nicole (Photograph: Reuters)

Zulu boy allowed to stay in Britain with foster mother

A Zulu boy who was brought up by a white foster mother in England but subsequently returned by the courts to his natural parents in South Africa will stay in Britain, it emerged yesterday.

Sifiso Masango, 12, returned to Salome Stopford, the white woman he calls "Mother" last December, with the consent of his natural parents.

Mrs Stopford, 50, a widow who employed the boy's parents when she lived in South Africa, had cared for him since he was 18 months old. She brought him to Britain in March 1992 when she took British citizenship and his parents agreed, for the benefit of his education, on condition that they could visit him and that he maintained his South African links.

They began efforts to have their son returned after discovering in 1994 that Mrs Stopford had tried to adopt him. The decision that Sifiso should be returned to South Africa to live with his natural parents came at an Appeal Court hearing last May.

Then, the Court of Appeal held that although the boy had lived in England and had known the Mrs Stopford who had brought him up as "Mother" he should be returned to his natural parents, in the Transvaal, who had been fighting for his return.

Sifiso was eventually returned to South Africa after being removed from one flight at Heathrow airport because he was so upset. Mrs Stopford had remained in touch with the boy's parents, hoping that they would allow him to return, which they did after pressure from the boy himself, last December.

Since then he has not returned to South Africa and yesterday the case returned to the Family Division of the High Court. Mr Justice Kirkwood was told, in a private hearing, that agreement had been reached that Sifiso will, with his natural parents' consent, remain living with Mrs Stopford in Maida Vale, west London. Part of the agreement, however, is that he will remain a ward of the High Court.

In a brief statement issued after the hearing, solicitors Mishcon de Reya, who acted for Sifiso, said: "In December 1996 Sifiso returned to this country to spend Christmas with Mrs Stopford and her family."

"It has now been decided, with the agreement of his natural parents, that Sifiso should remain here and the court has granted a Residence Order to Mrs Stopford. However, Sifiso will be visiting South Africa from time to time to keep in contact with his natural parents."

Jojo Moyes

Couple reunited in Bafta award nominations

Ralph Fiennes, star of the acclaimed new film *The English Patient*, and his estranged wife, Alex Kingston (right), star of ITV's adaptation of *Moll Flanders*, have both been nominated for Bafta awards, Britain's Oscars for film and television. Since the couple split up, Fiennes has been romantically linked with the actress Francesca Annis.

The English Patient, a wartime love story also starring Briton Kristin Scott Thomas, has been nominated for 13 British Academy awards - one more than the Oscar nominations earlier this month.

Its director Anthony Minghella is honoured in the best film, best director and best adapted screenplay categories. A spokesman for Mr Minghella said: "It really is a tremendous tribute to the effort everyone put in to making this film. It was a huge struggle."

The English Patient nearly did not get made because its finance disappeared a matter of days before filming in Italy began.

Other film actors and directors



shortlisted include director Mike Leigh, and Brenda Blethyn and Timothy Spall for *Secrets and Lies*. Sir Ian McKellen for his title role performance in *Richard III*, Shine star Geoffrey Rush and veteran Paul Scofield for *The Crucible*.

In the TV section Alex Kingston is joined by *Prime Suspect* 5 star Helen Mirren, Pauline Quirke for *The Sculptress*, and Gina McKee for *Our Friends in the North*, in the best actress TV category.

The BBC's *Our Friends in the North* has been recognised twice in the best TV actor slot, with Peter Vaughan and Chris Eccleston nominated.

David Lister

Dustman's holiday in the hottest spot

A dustman threatened with death by rebels in war-torn Rwanda has returned to his Midlands home - saying it was his dream trip.

John McBride, of Kidderminster, Worcestershire, picks out the world's troublespots for his holidays. But the 52-year-old - who has a 27-year history of travelling to dangerous places - said his trip to the Rwandan capital Kigali was the closest he has come to death.

"I thought El Salvador was bad, but it was a picnic compared to Kigali. Still, I'd go back there tomorrow if I could."

The middle-aged adventurer caught a bus from Kenya to Uganda, where he obtained a visa to enter the Rwanda, currently a war-zone. "Everybody warned me that I could be killed, but that just got me more excited."

"In other civil wars, the fighters have worn uniforms, but over there they all wear the same rags so you just have to watch those giving you funny looks."

The binman, who works for Wyre Forest district council, has visited El Salvador, Afghanistan, Vietnam, Guatemala and Cambodia.

briefing

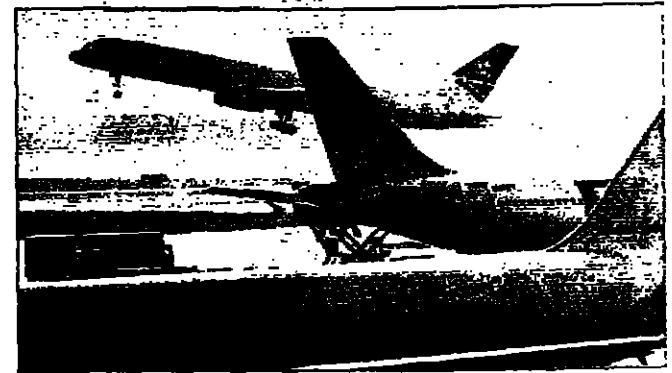
TRANSPORT

Air disasters to become commonplace, EU warns

One major air crash every week could be the norm within 20 years unless safety standards are improved, a European Parliament report warns. It points to an alarming rise in accidents and mid-air near misses in the last year, and says increasing demand for air transport threatens to undermine safety.

The report calls for the setting up of an EU Air Safety Board and the use of EU-wide transport guidance systems. Its author, Conservative MEP Anne McIntosh, said: "Cheaper air fares must not come at the expense of passenger safety."

Her report, to be considered by the European Parliament's transport committee before going to Strasbourg for approval next month, says 1996 was a particularly bad year, with 75 fatal accidents worldwide, compared with an annual average of 66.2 throughout the 1980s. Deaths rose by 73 per cent to 1,597, compared with an average of 1,136 in the 1980s.



FOOD

Shoppers misled by packaging

Packaging which advertises the potential health benefits of particular foods is unhelpful to consumers and should be banned, research by the National Consumer Council claims today. The distinction between such unregulated claims and nutritional information - which is subject to statutory guidelines - is irrelevant to shoppers, the NCC says.

NCC chairman David Hatch says: "Far from helping people choose a healthier diet, our research shows that food claims may actually get in the way of consumers' understanding of what they eat." The NCC stressed the need for a rethink of food pack claims, such as "helps maintain a healthy heart" or "can actively improve your digestion".

Consumers are often confused or misled by technical jargon. And the more information crammed on to a food pack, the more likely shoppers are to switch off. Lists and tables are particularly impenetrable, says the report, *Messages on Food*.

PRISONS

Mental problems behind bars

Up to one in three male prisoners has mental problems, according to a report out today. One in four say they have deliberately harmed themselves, while one in 25 say that they have had a severe personality disorder.

The "worrying" statistics are highlighted in a report of a multi-agency team, the Wessex Group. It screened 1,300 incoming prisoners - 400 of them on remand - over three years at Winchester Prison.

The group's profile of a prisoner with mental health problems showed that he was more likely to have previous convictions; to be returning for an offence of violence; to have had drink or drug problems and to be facing homelessness on release.

WELFARE

State-to-private switch is costly

Switching welfare protection from the state to private insurance could result in millions of average and low-earners having to pay more from their cover. After analysing data from 10,000 adults looking at cover for mortgage payments, long-term care or to replace income during long-term sickness, researchers concluded that social security schemes may offer better value for money.

In the study, supported by the Joseph Rowntree Foundation, the authors found that, to cover himself in just these three areas, a 45-year-old married man with average earnings would typically have to pay £900 a year - equivalent to 6p in the pound on income tax.

Private Welfare Insurance and Social Security: Pushing the Boundaries, £13.45, York Publishing Services, 64 Halffield Rd, Layerthorpe, York YO3 7XQ. Tel: 01904 430033. Glenda Cooper

SOCIETY

Asians back immigration laws

Most Asians in Britain feel the immigration laws are either fair or not tough enough, according to a poll published today. The verdict, from 61 per cent of those asked in a MORI poll for the Asian television channel, ZEE TV, explodes the myth that Asians fear crackdowns on asylum-seekers and immigrants.

The poll was the first time members of Britain's 1.5 million-strong Asian community have been asked in detail about their political attitudes and allegiances.



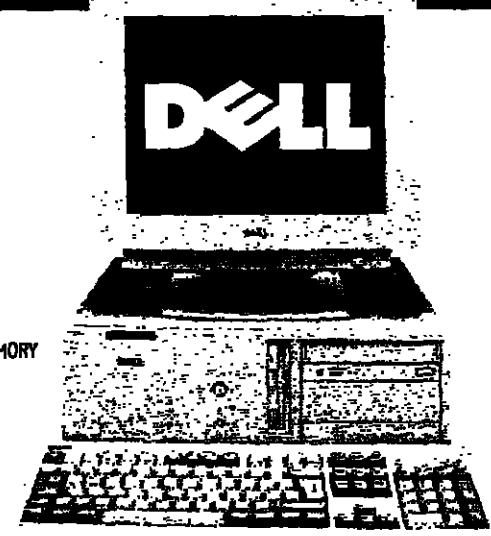
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Recycled paper made up 41.2% of the raw material for UK newspapers in the first half of 1996

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news

PRIME MINISTER'S QUESTIONS

SCORING THE EXCHANGES



John Major
3/10
Major refused to step into the ring with Blair over Tube privatisation, referring him to Sir George Young's imminent statement. His only job at Blair was to compare his attitude to privatisation with that of North Korean President Kim Il Sung.

Tony Blair
5/10
When Major refused to answer a narrow question, Blair tried a broader one, and then a broader one still. The narrow ones were pertinent, but Blair might have concentrated on just one to better effect.

THEMES OF THE DAY

- Defence of Sir Edward Heath by Labour MPs, (Barry Sheerman, Lab, Huddersfield; Dale Campbell-Savours, Lab, Workington)
- Privatisation of London Underground (Sir Michael Shersby, C, Uxbridge)
- Tory splits on Scottish devolution (John Home Robertson, Lab, East Lothian)
- Cloning Dolly the sheep (Chris Davies, LD, Littleborough and Saddleworth)

BLAIR'S ATTACK

Earlier yesterday, the Chancellor had pledged to use some profits from the Tube sell off to reduce the public sector debt. Blair highlighted the contradiction between this and Transport Secretary Sir George Young's pledge that any proceeds would be invested in transport. Major hid behind the imminent Commons statement on the issue and declined to answer. Blair went on to broaden the attack: "what happens if the proceeds do not cover the investment requirement?" With a little more justification, Major again told him to wait for the Statement.

GOOD DAY...



Chris Davies reminded the House of life beyond the next election, asking what discussions were planned with other nations to ensure adequate controls on cloning.

...BAD DAY



John Butcher's (C, Coventry SW) question backfired: "I can't understand the logic that seems to say that Britain is winning, but it's time for a change. Does that mean you want to be losers?" he asked Major.

THE QUIP OF THE DAY



Home Robertson on Tory splits on the constitution: "Can he remember when his two predecessors [Baroness Thatcher and Sir Edward Heath] last agreed with each other about anything, and how has he got himself into the position where he appears to disagree with both of them? And is he absolutely sure that Britain's fossilised constitution is the surest ground to choose for Major's last stand?"

THE UNANSWERED QUESTION



Sheerman referred to Conservative criticism of Sir Edward Heath's recent comments on Government policy: "Does he agree with me that such attempts to vilify the Father of the House actually do great damage to the democratic process?" Major replied that Sir Edward had "had a long and distinguished career, and we both admire him and are fond of him".

THE CREEP OF THE DAY



The plethora of questions on plans to privatise London Underground would not have been complete without an endorsement of previous privatisation from a Tory backbencher. Shersby obliged: "Would my Rt. Hon. friend agree that the privatisation of British Rail has been a great success? It was so successful that it has confounded its critics."

Compiled by Ben Summers

There are nine weeks to go here at the Dunlevislatin rest-home, before the electorate gives someone a mandate for a whole new set of policies. Many of the inmates here are readying themselves for extinction, others to meet glory in more agreeable ways. All agree that - for the time-being at least - their innovating days are over. All it seems, except for Sir George Young, the Secretary of State for Transport, who yesterday made a statement to the House on the Government's proposals for the future of London Underground.

Sir George is a phenomenon. With his gentle voice, slightly distressed expression, immense height and thinness, he looks like the descendant of a Victorian union between an adventurous aristocrat and a giraffe. Found in the jungle, like Tarzan of Greystoke before him, he has come to Britain to start a new life. That is why he has trouble with those funny ticket machines at tube stations - they don't have them on East African plains.

This loquacity might also explain why Sir George has failed to notice that there is an election pending, and thus no chance of this Parliament deciding anything about London Underground. As a result, he is in danger of asking his civil servants to do a lot of expensive work, of hiring a large number of extremely well-paid consultants, and forcing London Underground into numerous emergency management seminars with sharp-suited trainers - all for nothing.

A DAVID Aaronovitch

Law of the jungle goes Underground

Or could it be that - far from not being aware of the election - the charcoal giraffe is aware of practically nothing else? That he, along with his cabinet colleagues - having devoured all the tasty leaves at the bottom of the privatisation tree - is now forced to stretch his neck as far as possible in order to nibble at the topmost, scrubbiest foliage? (Not even nibble, indeed, but merely promise to nibble if re-elected). That what he is doing is employing a whole ministry to undertake a feasibility study for the Conservative election manifesto - at taxpayer's expense? Certainly Sir George was very keen that electors should, in

his words "mind the gap" between his radical proposals for attracting investment to the Tube, and Labour's rather hopeful ideas for nice partnerships between kind businesses and wise service providers, which will magic money into the system.

Not that Andrew Smith, the shadow Transport Secretary, raised the question of the giraffe's timing. Small, tan-haired and breezy-browed, Mr Smith has a voice problem, which is all the more noticeable since he sits next to the greatest classical actress of her generation - Glenda. The words "nasal" and "high" do scant justice to the grating timbre and unusual production of Mr Smith's vocal output. His tones emerge with difficulty from a point just between his eyes and - as he becomes agitated - seem to project themselves from the top of his head.

Mr Smith compensates for this by rattling his words out with great speed, ensuring that there are plenty of hyperbolic damnations - on the principle that if you miss a dozen or so, you still won't lose the thread. The overall effect yesterday was that of an angry meerkat doing its yappy best to tear the throat out of his lanky and largely oblivious opponent.

But Sir George is an unflappable beast. How could anything worry a man who can simultaneously state that he has no idea whether the tube system should be sold off as one, or split up - and yet can promise that pensioners' concessionary fares will exist in perpetuity? On second thoughts, an election might.

Heseltine predicts 60-seat victory

Deputy PM expects by-election protest vote

Anthony Bevins
Political Editor

A Conservative Commons majority of more than 60 seats after the general election was predicted by Michael Heseltine, the deputy prime minister, in Wirral South yesterday, after he had repeated his warning that the Tories could expect a protest backlash in tomorrow's by-election.

Conservative strategists, who appear to have written off the previously safe Tory seat, believe John Major has a good chance of holding on to office in a May general election.

While Mr Heseltine said in the Wirral village of Thornton Hough that the Tory majority in the election would be "60 and nudging up", party strategists said a "lesser win" would be enough - a hung parliament in which the Conservatives remained the largest party but without an overall majority.

In that event, one senior Conservative said Mr Major would seek to govern with the support of Ulster Unionist MPs. Labour would fall apart in a bout of acrimonious blood-letting, and Britain could well go into the 21st century with the Tories facing a newly created alliance of moderate Labour and the Liberal Democrats.

"They will see as they do now this country's economy is one of the most exciting prospects I can remember and when faced with a Labour Party that would risk that prosperity, they will not vote for the Labour Party."

The distinction between this week's by-election and the general election was being stressed heavily by senior Conservatives yesterday. They argued that they remained firmly in the running for victory in May's election contest.

It was argued that the polls were being misinformed, because being a Conservative was more unfashionable than it had been in 1992, and people were therefore reluctant to disclose their real voting intentions to the pollsters; a Labour victory would require an unprecedented swing, and Tony Blair would need to win more than 60 seats to overcome the Tory majority and the boundary-change hurdles, all at a time when the economic climate was "more favourable than it has ever been before".

In addition, one source said, Labour could lose seats in Scotland and the Liberal Democrats could also lose seats in Scotland and elsewhere.

The source said even if there was a "lesser win", with a hung parliament that left Mr Major in office, that would be enough, because the "golden boy lure" of Mr Blair would have been destroyed and a realignment of the left forced, which would wipe out the last vestiges of Labour's socialism.

Mr Major, it was said, would have defied the pundits by winning the election at all.

One confident Tory source made the point yesterday that after the last election, *The Independent* carried a cartoon showing Mr Major driving a fairground dodgem, with Labour and the Liberal Democrats standing to one side, asking when it would be their turn. The Prime Minister was telling them: "We're not playing turns anymore."



Mr Heseltine with Wirral South Tory candidate Les Byrom

Photograph: Jason Bye

Tories snap up directorships

Fran Abrams
Political Correspondent

Ex-ministers and Conservative MPs who are leaving the Commons at the general election have taken on a raft of directorships and public posts to fill their time, the latest Register of Members' Interests has revealed.

High on a list of 15 retiring Tories who have taken on new outside interests since the last register was published 10 months ago are Kenneth Baker, the former Home Secretary, John Patten, the former Education Secretary and Tim Renton, the former Chief Whip.

Mr Patten, who is giving up his Oxford West and Abingdon seat, has become a non-ex-

ecutive director of Alfred McA Alpine PLC.

Mr Baker has added a non-executive directorship of Millennium Chemicals Incorporated to his existing list of five seats on boards, and has become an adviser to Mercury PLC on the worldwide cable industry. He already advises ICL, and the Harris Parliamentary Panel, though his fee from Harris is sent to a drugs charity of which he is patron. He has also become honorary chairman of the Museum of British History.

Mr Renton, who holds a directorship and two consultancies, has become chairman elect of the Sussex Downs Conservation Trust. A former arts minister, he accepted free tickets to the Royal Opera House, to

Glyndebourne and to Wimbledon last year.

Richard Needham, a former Northern Ireland and trade minister, already lists four directorships, a consultancy and membership of Lloyds' in addition to shares in a packaging company. John Butcher, a former education minister, has become a non-executive director of Perpetuum recruitment agency.

Other Conservative MPs who have taken on new directorships in the run-up to retirement include Sir Julian Critchley, the member for Aldershot. Sir Michael Marshall, member for Arundel, Robert Banks, member for Harrogate, Patrick McNair-Wilson, member for New Forest, and Dudley Fishburn, member for Kensington.

Derek Foster, the shadow Chancellor of the Duchy of Lancaster, criticised the Conservative MPs for taking on new jobs. "The rats are fleeing the sinking ship. Just weeks before the election, outgoing Tories are leaving no stones unturned in their search for lucrative junkets in their Parliamentary after-life," he said.

Tony Blair, who last year received gifts of a Fender Stratocaster guitar from the British Phonographic Industry and a rug from Benazir Bhutto, former Prime Minister of Pakistan, this year had to make do with cutlamps from the South African Chamber of Business. This year, Mr Bhutto chose to give a rug to the Liberal Democrat leader, Paddy Ashdown.

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هنا من الأصل

Patients alerted after HIV tests by bogus doctor

Steve Boggan

A hunt began yesterday for up to 500 people who may have been given inaccurate tests for HIV infection, sexually transmitted diseases and cervical cancer by an unregistered doctor.

Health service executives urged clients of Ikem Clinical Laboratory Services in Balham, south London, to seek help immediately after Sir Kenneth Calman, the Government's Chief Medical Officer, wrote to GPs warning that the laboratory's diagnoses may be incorrect.

The health alert centres round inquiries which have established that Nigerian-born Godwin Ombogu, 56, who was practising at the laboratory, is not a registered medical practitioner.

In a joint statement, the South Thames NHS Executive and the Merton, Sutton and Wandsworth Health Authority, alleged yesterday that Mr Ombogu ran Ikem as a private concern for nine years, offering testing and advice on "various conditions, including sexually transmitted diseases and HIV infection".

In his alert to doctors, Dr Calman said: "Some patients may need counselling. Others may need referral to sexually trans-

mitted disease-geno urinary medicine clinics as they may have been inaccurately diagnosed as having gonorrhoea."

"Others may have had HIV tests, the results of which may not be reliable, and may need referral to HIV services". He said those affected may not be limited to the Balham area but could hail from other parts of London, the South-east or even abroad.

Dr Sue Atkinson, director of public health at the executive, said: "We are concerned about the information that some people may have been given by Mr Ombogu and so we are trying to contact his clients and former clients to alert them to the need to seek professional medical advice. The best route for this would be through their GP."

"Ikem is not an NHS laboratory, so we do not have details of the clients. The police have the names and addresses of some clients. We have given the police letters to enclose with the ones they are sending to these people. This still leaves many clients who we cannot contact and who may not live in the local area."

The NHS executive said only people who actually visited Ikem's premises at Swan House, 207 Balham High Road, needed to seek further help as the

laboratory did not conduct diagnoses on samples sent from other doctors.

"We don't want to cause a panic among people who have had HIV tests and may worry that their tests were sent off to this laboratory - they weren't," said Kate Wilson, a spokeswoman for the NHS executive. "We only want to contact people who visited the premises. Obviously, this is going to be an anxious time for some people, but we would urge them to contact their GP as soon as possible."

"Ikem was a private laboratory, so it was nothing to do with us. We are involved because it has become a matter of public health."

The health authorities have set up a helpline, on 0800 174846, for anyone who has received treatment, testing or diagnosis at the Ikem laboratory. It is understood the facility is now closed.



Sliding scale: The American tenor, Thomas Randie, abseils down a 90ft face at The Castle Climbing Centre, north London, yesterday in preparation for the English National Opera production of *The Country of the Blind*, based on a story by HG Wells. Photograph: Andrew Buerman

Schools chief attacks the 'me' culture

Judith Judd and Lucy Ward

A national culture based on self-gratification is threatening the future of the nation, among the most serious threats to poor educational standards, Chris Woodhead, the Chief Inspector of Schools, said last night.

In his annual lecture, he recalled that the grammar school that he attended had been underpinned by belief in fortitude and the understanding that pain and adversity should be confronted with courage. "Thirty years on we live in a society which neither respects nor believes in anything resembling fortitude: a society characterised by what is a narcissistic pre-occupation with self."

He complained of the ever-increasing reliance on therapists and counsellors to bolster self-confidence. In such a climate, pupils were unwilling to submit themselves to hard work and to persevere in the face of failure.

"Is it surprising that swimming against an aspect of the cultural tide which militates against the very psychological condition upon which education depends our teachers find it difficult to keep afloat?"

Society's refusal to admit that objective knowledge exists was linked to our longing for painless gratification, he said.

Two weeks ago at a teacher-training conference, he said, "one professor of education stated with breathtaking certainty that it is now absolutely clear that there is no such thing as objective knowledge".

Such views were responsible

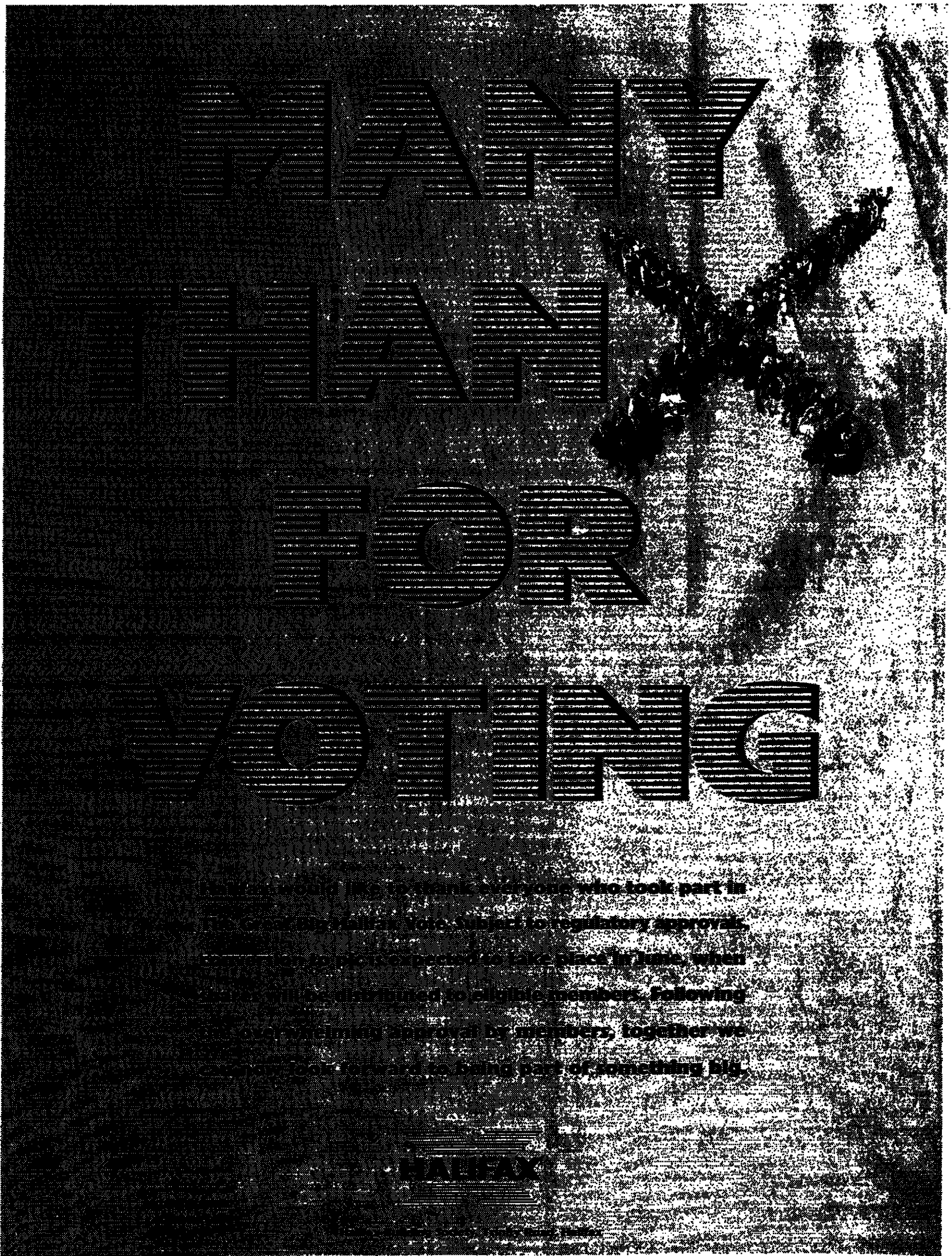
for the widespread notion that children should be encouraged to discover things from themselves rather than being actively taught. He attacked Sir Geoffrey Holland, Permanent Secretary at the Department for Education until three years ago, for his comment that schools' priority should be "learning not teaching".

The nature of our national culture, he said, went a long way to explain why we were finding it so difficult to nurture the schools we needed.

But teachers must take their share of the blame. He spoke of the "orthodoxies" held by teachers and academics which were blocking improved standards. Too many teachers still subscribed to the old discovery methods and refused to accept that it was their job to pass on a body of knowledge to pupils.

He pointed to white-working class communities which had lost faith in education, partly because there were no jobs for them but partly because their children had not been taught in a systematic and rigorous way to read.

Studying music and art could help children do better at maths and reading, the Government's curriculum chief said yesterday. Speaking at a conference in London on arts in the curriculum, Dr Nick Tate said studies in the United States, showed that pupils aged 4 to 11 improved by more than 80 per cent in the three Rs over two years after receiving special tuition in the arts. Research has found the "mental stretching" involved boosted their abilities in basic skills.



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Labour plans to outlaw gazumping

Fran Abrams
Political Correspondent

Gazumping – on the increase again as house prices begin to rise – would be outlawed under a Labour government, the party's environment spokesman said yesterday.

Frank Dobson announced that sellers who reneged on a deal because they had a better offer could find themselves facing the bill for their original purchaser's legal fees, survey costs and mortgage arrangement expenses.

Mr Dobson said yesterday that there was now evidence of increasing house prices bringing a return to the phenomenon which was common during the housing boom of the 1980s. There should be protection for buyers so that they did not waste their money and then lose the house of their choice, he suggested.

Under Labour's scheme, which is being put out for consultation, the "jilted" party would be paid compensation if an agreement was broken. This would apply even if the purchaser pulled out because of a bad survey report or because they had found themselves in a "chain" which collapsed.

The party says it is open to suggestions as to whether the programme should be voluntary or whether it should be legally binding, though Mr Dobson said he tended to think it should be statutory.

It has also yet to decide

whether each side should be asked to lodge a deposit to cover costs if they should pull out, and if so, who should hold it.

Mr Dobson said the current government had no policies to help people to cope with negative equity, with mortgage arrears or with repossession, and it was now failing to deal with gazumping.

"At the last election, John Major promised to make life easier for people buying their home. But his record shows he has no answer to the problems of house buyers, whether house prices are rising or falling."

"The process of buying a house is one of the most stressful things that a family can encounter. So the government should try to have in place a system which keeps that stress to a minimum," he said.

A similar scheme was published by the Royal Institute of Chartered Surveyors, but it added that a seller or buyer who pulled out without good reason should be subjected to punitive fines. These would force them to pay interest at 5 per cent above base rate on the value of the property for the period from the deal being struck until it was broken.

However, a spokesman for the institute welcomed Labour's plans. "We think that anything which can improve the buying environment is a good thing. As everybody knows, the house-buying process can be extremely difficult," he said.



Homeless: Paul Salmon outside the house in Chiswick, west London, which he and his wife were about to buy when the chain was broken by a gazumper. Photograph: Adrian Dennis

When a frothy market bubbles into broken promises

Jojo Moyes and
Anna Bennett

Sellers who wait for highest bidder can leave others in dire straits

Paul Salmon and his wife Chris sold their house in Chiswick, west London, "in good faith" to help speed a chain. Six months later they are living with friends, paying £100 a week to keep their furniture in storage, and feel

they have been "pushed out of the market" by gazumpers.

The Salmons had found the house they wanted, also in Chiswick. The vendor had agreed to sell at £250,000, and so they sold their own as a sign of good faith to help "tidy up the

chain" after placing it on the market last October.

The chain lingered on into the new year, and the price crept up by £2,000, but Mr Salmon, a photographer, was unworried. "We couldn't see how it would fall through," he said. But un-

beknown to the Salmons, however, the vendors' vendors, at the top of the chain, received a bid £30,000 above the original offer.

"Our vendors couldn't afford to go the extra £30,000 to match the other bid. We couldn't match £25,000 to keep the

chain intact as we'd already sold our house, so the chain collapsed," Mr Salmon said.

He is left with the bitter knowledge that his own home would have risen sharply in value in the six months since they sold it. "And we have nowhere to live."

According to Alicia Casinaga, senior negotiator at Keith Cardale Groves estate agents in Belsize Park, north London, experiences such as the Salmons' – almost unheard of since the 1980s – have become increasingly common in the past year.

"People are getting gazumped here because we have a huge influx of foreign buyers, around 50 per cent, who are coming in with cash. The local buyers are on a budget ... and the foreign buyers are putting the money on the table. People don't care who they sell to if they're getting £10,000-to-£20,000 more," she said.

She welcomed the possibility of compensation for gazumped buyers. "You can't help but build up a rapport with a family and when they get gazumped it is upsetting. This proposal wouldn't change the market, but it would be a bit of compensation," Ms Casinaga said.

The National Association of Estate Agents reports that up to 50,000 sales last year were af-

ected by gazumping, about 5 per cent of all sales. The problem is worse in London and in the South-east where 10 per cent of sales is affected, but increasing levels of gazumping are also being reported in Birmingham and Manchester.

Lindsay Cuthill, a director of Savills in Fulham, said that there was "definitely room" for some sort of legislation, but added that vendors were not the only ones at fault when it came to pulling out of sales.

"When the market is as frothy as it is, all sides are out for what they can get," he said. "Very often purchasers float into your office. They think they'll make an offer ... Then they have to wait a week while their mum comes to look at it, they haven't got their mortgage organised. There are lots of reasons why the vendor shouldn't be completely tied in."

Fiona McIntosh, 26, was gazumped by £10,000 despite agreeing that the vendor, a 67-year-old woman, could stay in the property until she found a new one. Her agreement had been verbal, as she had assumed that the woman would stand by her word.

Today, she says, she would not make the same mistake. "Today's society revolves around money, and nothing, however big a gesture of goodwill, is going to change that."

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Crowded jails 'ready to blow'

Jason Bennetto
Crime Correspondent

Britain's jails are becoming a "powder keg that could blow at any time and place", the prison officer's leader has warned after calling for an urgent meeting with management.

David Evans, general secretary of the 27,000 strong Prison Officers' Association, has written to Richard Tilt, director-general of the Prison Service, to express his concern about the security and safety of jails in England and Wales. He says the crisis has been heightened by a dramatic increase in the jail population to a record 60,000.

Mr Tilt has agreed to discuss the issue next week and has set up a special meeting next month to examine the problems caused by over-crowding.

Mr Evans wrote to Mr Tilt last week on behalf of the POA's National Executive Committee to express "their anxiety and concerns over the increasing prisoner population."

"We are seeking an urgent meeting with you to discuss this issue as it impacts greatly not only on the penal estate but on

the safety and security of everyone working within penal institutions and indeed, the general public."

The committee's warning follows the publication of a POA report earlier this week which claimed security at Broadmoor special hospital is at "breaking point". The report was sent to Stephen Dorrell, the Secretary of State for Health.

The Prison Service is trying to gain permission to moor a floating jail off Portland, Dorset, and convert a former Pontin's holiday camp, near Morecambe Bay, Lancashire, into a make-shift prison, to ease the crisis. Mr Evans added the Prison Service had shed 900 staff last year: "Now they are having to launch a massive recruitment programme. That's a crazy kind of management."

He warned there was a growing sense of unease in many prisons. "It has become a powder keg that could blow at any time and place."

A Prison Service spokeswoman said: "The director-general has taken the letter seriously and has agreed to meet and discuss the issue."

DAILY POEM

The Two of Them

By Hugo von Hofmannsthal (translated by Keith Bosley)

She bore the goblet in her hand -
Her chin and mouth curved like its lip:
So light and steady was her gait
The goblet did not even drip.

So light and steadfast was his hand:
Upon a quick young horse he rode
And with a careless gesture he
Mastered it till it trembling stood.

But when he was about to take
The same light goblet from her hand
It was too heavy for them both:
The two of them began to quake,
Till hand by hand could not be found
And dark wine spilled upon the ground.

This poem appears in *Eve Blomson Has Wheels: German love poetry*, selected and translated by Keith Bosley (Libris, £10.95), which includes lyrics that range in date from Wolfram von Eschenbach in the 13th century to Erich Kästner in the 20th. The notes also refer to songs taken from the poems: "The Two of Them", for instance, was set by Arnold Schoenberg in 1899.

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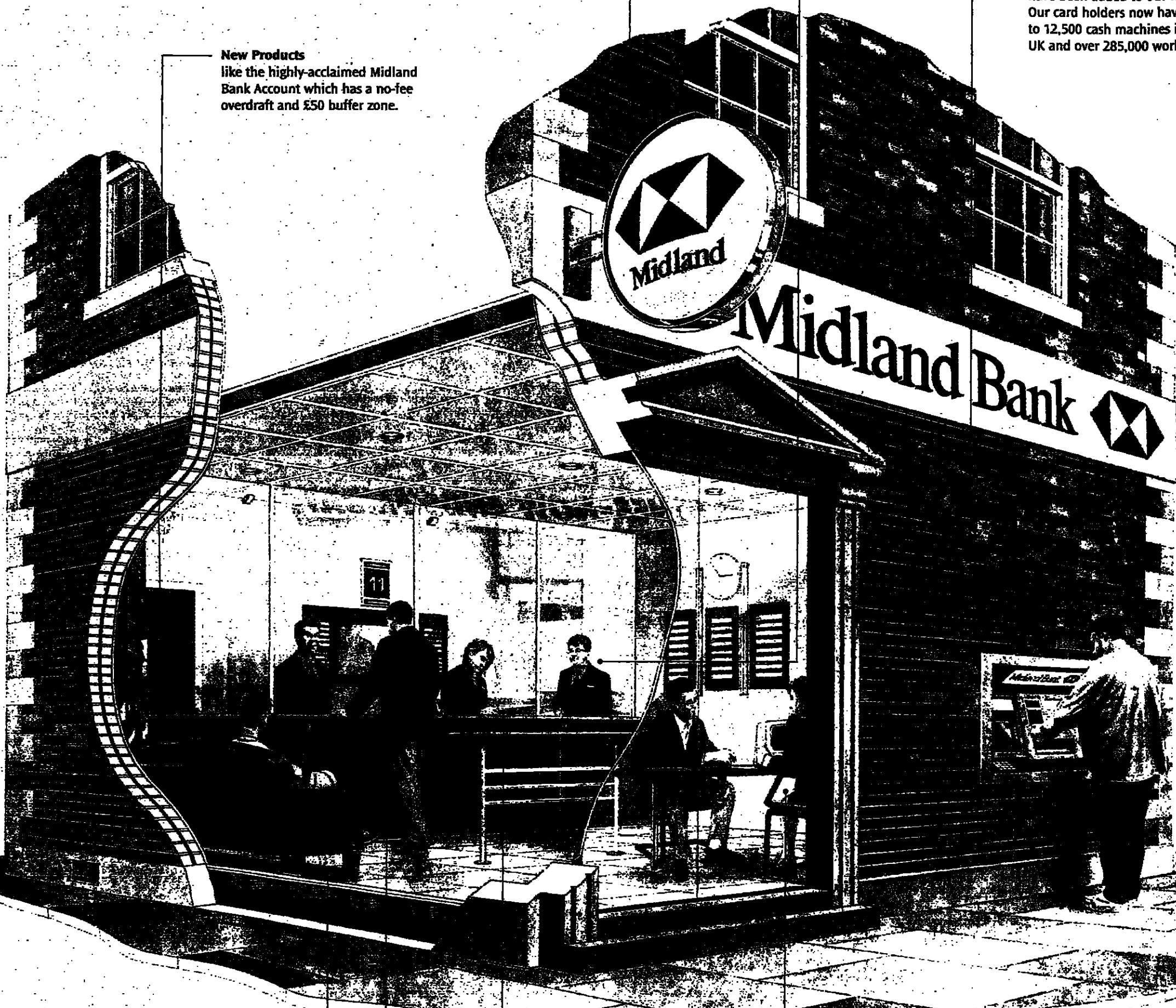
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Unions to join ranks of private utilities

Barrie Clement
Labour Editor

Union leaders are today expected to make a historic break with their socialist past and endorse the creation of a TUC-backed business to supply union members with cut-price gas and electricity.

According to confidential documents, the company - provisionally called TUCPower - would be 75 per cent owned by unions and 25 per cent by financial investors and would seek to take advantage of the deregulation of the energy supply market next year.

The idea would be to supply energy providers with the names and addresses of any of the seven million union members who declared an interest in joining the scheme. Under the plan, householders would get cheap power and unions would be paid half the profits made through fees charged by TUCPower.

A venture of this kind represents a sea-change in the attitude of unions, which have traditionally steered clear of engaging in capitalist enterprises, but it will receive a warm welcome from Labour leaders.

Left-wingers on the TUC's ruling general council, which is due to back the plan in principle today, will argue that the venture sits uneasily with the movement's opposition to privatisation and deregulation.

But the officer corps at the left-led unions Unison and the T&G general union, together with the GMB general union and the engineering union, have identified no serious practical difficulties. Criticism may yet emerge from lay activists.

Tony Cooper, general secre-

tary of the Engineers' and Managers' Association, who first floated the idea, says that if the company could capture just 1 per cent of the market, turnover would amount to £147m.

In a letter to John Monks, TUC leader, Mr Cooper says that the seven million trade unionists together with their families represent between a third and a half of the country's 21 million households.

An internal TUC memorandum argues that potentially unions have considerable bargaining power to negotiate discounts with power providers.

Mr Cooper says union members are "low risk, valuable customers" because by definition they are in employment. If a substantial return was made cash could be used to help unemployed members buy energy.

"We have here potentially a way to give all members a good deal on energy purchases, ensure that the unionised companies in generation and the coal industry have access to the key market so preserving members' jobs, make a substantial amount of cash for the movement and at least get something out of yet another difficult change rather than getting stuffed by it as business passes to assorted foreigners, non-unionised generators and the likes of Group 4. It will cost us nothing."

TUC officials propose that some of the surplus could be used to provide some hardship payments to trade unionists who ran into temporary difficulties in meeting energy bills. Initial start-up funding is intended to come from private financiers, who would be required to provide between £500,000 and £1m.



Gothic chic: Model in People Corporation style Photograph: Ben Elwes

New York hip meets London street style

Melanie Rickley

People Corporation, the London-based fashion label with a French designer and Italian manufacturers, had an American star yesterday. Chloe Sevigny, the star of *Kids* and the current hit *Trees Lounge*, took part in the show which was held in a dark and dingy basement club in Holborn, central London.

When *Kids* came out Sevigny was hailed as an "it" girl and proceeded to appear in advertising campaigns for the Miu Miu label by Miuccia Prada and in every British style magazine worth its salt. But the actress found the tag wearisome. "I've always been seen as this really hip girl, but I'm not, I'm just a regular girl from New York."

People Corporation is the brainchild of Roland Mouret who started the label in October 1995 out of a need for the British to have designer street style they could actually afford, and is inspired by the café/bar he runs in London's Soho, Freedom.

When the first model appeared carrying a can of lager and smoking a cigarette the tone was set. These were clothes for both sexes to party the night away in.

The big trends for next winter are asymmetric hemmed dresses, one-shoulder tops suspended on tiny beaded string straps, drape front tops, fringing and ruffled skirts. The look was almost kitsch cowgirl meets urban clubgoer with a slightly Gothic influence. Men appeared in Alexander McQueen-influenced cord "bunster" style trousers that looked close to revealing a lot more than "cleavage".



It took: The American actress Chloe Sevigny modelling at London Fashion Week yesterday

Grouse to have peaceful Twelfth

Nicholas Schoon
Environment Correspondent

Grouse shooters are to be banned from one of Britain's most famous beauty spots, Ilkley Moor, Bradford City Council, which owns six square miles of the upland heath, decided yesterday that there would be no Glorious Twelfth there this August or on any future one.

The Labour-controlled council has decided to withdraw its licence from a local shooting syndicate so the public can roam there throughout the peak holiday month. Until now, ramblers have been banned during the six to 10 days of the shooting season.

Jack Womersley, chairman of the sub-committee which took the decision, said: "We'd rather everyone had the chance to look at all of the wildlife, including the grouse, at that time of year instead of just the shooters killing them."

He said Ilkley Moor, 1,000ft up and eight miles from central Bradford, would continue to be carefully managed to encourage heather growth and wildlife, including grouse and the birds of prey which hunt them. The moors would be closed for several weeks each year during the most important nesting periods.

Bradford will lose the £3,000 a year which the shooters pay for their licence. But Mr Womersley said the council had already succeeded in winning larger grants from the National Lottery and the European Union for its management of the moor.

Ilkley Moor has been council owned for 100 years. It used to attract hordes of summer picnickers, many of them coming in the summer by special trains. Numbers fell with the rise of the car, but now a new generation of ramblers wants to roam the upland moors as widely and as often as possible. Much of the surrounding heather is privately owned and grouse shooting will continue there.

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In retreat: Student protesters flee as police fire tear gas into a university campus in Seoul, South Korea, yesterday

Photograph: Reuters

Kim atones for the sins of his son

Richard Lloyd Parry
Tokyo

The entire South Korean cabinet is set to resign in the next few days, after the president, Kim Young Sam, yesterday delivered a dramatic apology on national television and announced the political banishment of his second son.

In a live broadcast from the presidential "Blue House" in Seoul, Mr Kim apologised for an unpopular labour law which provoked nation-wide strikes last month and for the involvement of some of his closest aides in a scandal over loans to the bankrupt Hanbo Steel Corporation.

"What troubles and embarrasses me all the more is the fact that the name of one of my sons has been mentioned in connection with the impending Hanbo case," the president said. "Like all fathers, it is my belief that the fault of my son is attributable to me as his father... I will see to it that my son suspends all social activities, behaves

himself and stays away from me." The government news agency, Yonhap, reported that 38-year old Kim Hyeon Chul, the president's second son, will resign from his official posts and go abroad on his father's instructions.

Government officials in Seoul told journalists last night that Mr Kim's cabinet would soon resign in advance of a reshuffle. "I stand before you with a sense of agony and sadness," the president said. "Even some of those who worked closely with me turned out to be involved in the irregularities and corruption... With humility, I am willing to accept whatever reproach and criticism you make."

After his election in 1993, as the first democratically-elected civilian leader of Korea, Mr Kim enjoyed popularity ratings of more than 80 per cent: even last year his New Korea Party won unexpected success in parliamentary elections. He was praised internationally for personally overseeing the prosecution and imprisonment of his two immedi-

ate predecessors, the former generals Chun Doo Hwan and Roh Tae Woo, on charges of corruption and treason.

Today, with exactly one year of his term remaining, opinion polls give him an approval rating as low as 10 per cent. Korea's economy is faltering, its unions are up in arms, and the president is politically crippled, with a very bazaarous and uncertain retirement to look forward to. "I will work with all my might, with the idea that I am today inaugurating a one-year term as president," he said.

Union leaders threatened yesterday to resume last month's nation-wide strikes unless the National Assembly repeals a controversial new labour law which limits workers' freedom to form unions. But the labour dispute has been eclipsed by the Hanbo scandal, which has already brought about the resignation and indictment of one cabinet minister.

Hanbo Steel went bust at the end of January, leaving 5,000bn won (£3.7bn) of unsecured debts. A subsequent investigation revealed that leading

bankers and MPs took bribes in return for arranging the loans, including one of Mr Kim's longest-standing advisers.

It is a testament to the president's drastic loss of prestige that public anger over the Hanbo scandal has compromised the reputation of his son. Diplomats and analysts in Seoul tend to take at face value Mr Kim's insistence that, during his term of office at least, he has steered clear of the influence-peddling which was so prevalent among his predecessors. But, as numerous corruption scandals have demonstrated, illicit funds are frequently channelled through close aides or relatives.

Seoul — A North Korea defector to South Korea who was shot by two gunmen 10 days ago died yesterday in a hospital near Seoul, Reuters reports.

The defector Li Il-nam, a relative of Pyongyang leader Kim Jong-il's ex-wife, had been in a critical condition after being shot on 15 February by gunmen suspected to be North Korean agents. He had remained in a coma until he died.

Zairean rebels win hearts, minds and land

David Orr
Goma

The writing is on the wall: Democratic Republic of Congo. The name of Africa's latest breakaway republic, newly painted above the entrance to the Zaire Express airline office, stands out in contrast to Goma's other crumbling facades.

Inside the building, occupied by the new regime's Information Minister, are two maps. Neither reveals the reality of life in this eastern Zairean town since it was captured by rebels nearly four months ago. The world map shows Goma as just another mark on the unified expanse of green which is Zaire. The other map, of the airline's internal routes, has not been altered since the capital, Kinshasa, severed its links with Goma soon after the launch of the rebel offensive last October.

Since then, the Alliance of Democratic Forces for the Liberation of Congo-Zaire (ADFL) has occupied a huge swathe of territory in eastern Zaire. Led by the former Marxist Laurent Kabila, the rebels have driven the demoralised Zairean army (FAZ) before them, taking town after town with apparent ease.

Their rapid progress is causing growing alarm in far-off Kinshasa. The Zairean government bowed to international

pressure to engage in South African-sponsored talks about the crisis last week. But it has ruled out the possibility of any direct dealing with the rebels.

Mr Kabila arrived in South Africa yesterday and was whisked away for what rebel sources said were secret talks on a solution to the Zaire civil war. The rebels have said they will settle for nothing short of the resignation of the ailing Zairean president, Mobutu Sese Seko.

"We're serious about talks," says ADFL Information Minister Raphael Ghenda. "But if our conditions are not met, we'll continue fighting, all the way to Kinshasa if necessary. We're nearly there already."

Mr Ghenda's claim is an unashamed exaggeration but there are many who believe the rebels could reach the capital if they continue to advance at their current rate. Already, they are close to Kisangani, Zaire's third-largest city and a strategic location for control of the country's interior. The Zairean defence ministry said Kalima, a small mining town about 180 miles south of Kisangani, came under rebel control at the weekend. A spokesman for the rebels said they were moving from Kalima south to Kinshasa to try to capture one of two government airports in eastern Zaire.

"At the moment we have 10 million people under our con-

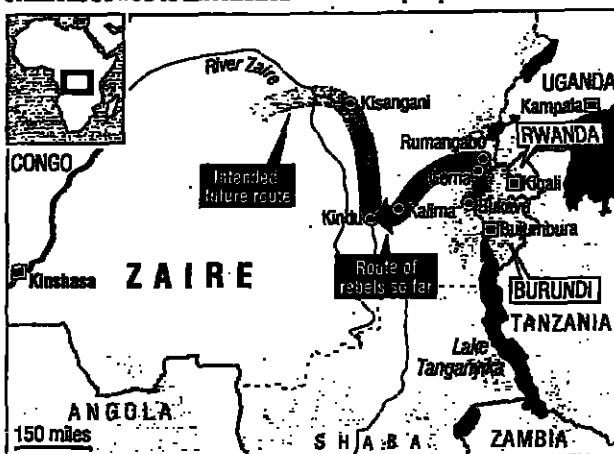
trol," says Mr Ghenda, who has come back from exile in Belgium to serve the new regime. "The current government is corrupt. We want to change that. I believe most of the population is with us."

Though it is impossible to assess their popularity nationwide, the rebels seem to have been welcomed in most areas they hold. This is not so surprising: Zaire's politicians, and in particular its president, have for decades been synonymous with corruption and greed. Unpaid, the army has devoted itself to pillage and extortion. The rebels, by contrast, appear disciplined and committed to reform. "People are happy here at the moment," says one foreign aid worker in Goma. "We deal with a rebel committee which protects us from the lower ranks of the civil service who still try to get money out of us. So far, we've had little reason to complain."

What last October started out as a self-defence campaign among eastern Zaire's Tutsi community is now a liberation movement with nationalist aspirations. As they push into the interior the rebels gain new recruits, some of them defectors from the FAZ. Nevertheless, the core of the rebel force continues to be seen as largely Tutsi.

Much of the insurgents' popularity will depend on their ability to reorganise the economy. Already, interim political structures have been established and administrators appointed. In Goma there is once again electricity and running water.

Government threats to continue and intensify air bombardments which began last week are unlikely to have little effect on the rebel advance. The inhabitants of Bukavu and the other affected towns have not responded to government exhortations to leave rebel territory. By targeting civilian areas, Kinshasa is certain to further alienate the populace and increase sympathy for the insurgents' cause.



significant shorts

Le Pen tortured Arab prisoners in Algeria

Jean-Marie Le Pen, founder and leader of the far-right Front National, tortured Arab prisoners during the Franco-Algerian war. The appeal court in Rouen yesterday quashed £1,100 in damages imposed in 1993 on the former Socialist Prime Minister, Michel Rocard, for calling Mr Le Pen a torturer in a television interview. There was, the appeal court decided, considerable evidence that Mr Le Pen had tortured Arab prisoners while serving in the paratroops during the Algerian war of independence. It cited evidence given on oath by "numerous witnesses and victims". It also cited Mr Le Pen himself, who had admitted and justified using torture on several occasions.

John Lichfield - Paris

Banana gay rape inquiry

Police in Zimbabwe said yesterday they would investigate sodomy charges against former President Canaan Banana, and a lawyer for a policeman allegedly raped by the politician demanded a criminal trial. Police Commissioner Augustine Chiburi said he ordered an urgent investigation into a three-year homosexual liaison forced on policeman Jetha Dube, 36, by Mr Banana, 60, a political ally of President Robert Mugabe. Byron Hove, Mr Dube's lawyer, said evidence in the High Court on Monday showed Mr Banana used his power as head of state to coerce Mr Dube into homosexual acts between 1983 and 1986. AP - Harare

Soldiers kill Palestinian

Israeli soldiers killed a Palestinian and wounded three others in a clash in a West Bank village near Jerusalem yesterday, the army said. An army spokesman said the soldiers were attacked by Palestinian residents of the Hizmeb village during operational activity.

"The force responded with fire killing one Palestinian, wounding one moderately to severely and wounding two others lightly," the spokesman said. Reuters - Jerusalem

Kosovo police brutality

An ethnic Albanian was tortured before he died in police custody in Serbia's troubled Kosovo province, a European Parliament delegation said yesterday after seeing his body. "We have seen the tortured boy who died. Don't forget that there is torture in your country and it cannot be accepted," said Doris Pack, a German member of the European People's Party. "We have seen the body of this tortured young man. His fingers, nails and ear were injured. His legs were completely smashed and his feet were blue and green," she told German radio later. Reuters - Belgrade

Shock at student's death

Western embassies, human rights activists and Kenya's opposition hit out at a student leader's killing but police said they were not treating it as a murder. "We've been following the [Solomon] Muruli case very carefully. We are deeply shocked by his violent death and we expect that his death will be the subject of a speedy and thorough investigation," a senior official at the British High Commission said. The charred body of the 23-year-old student was found on Sunday in his room at a Nairobi University hostel. Witnesses heard an explosion shortly before. Reuters - Nairobi



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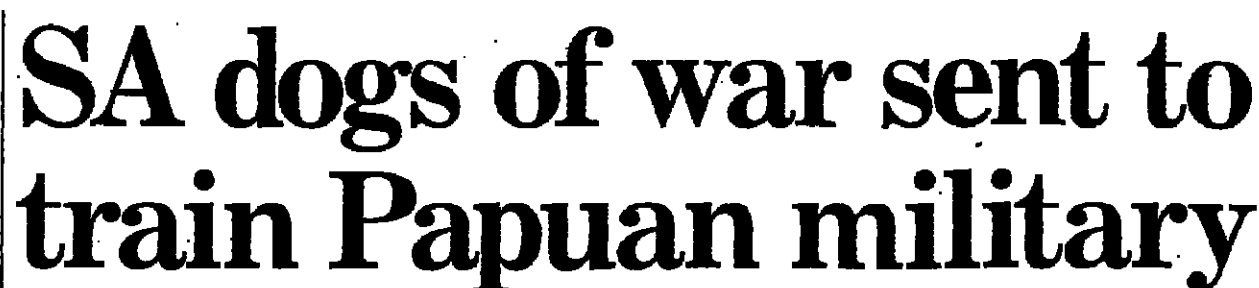
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A bi-partisan motion lodged in the Australian parliament yesterday condemned the mercenary plan. The motion, to be debated next month, urged Australia to warn Papua New Guinea that the use of mercenaries would "prejudice our

■ Sydney — Amnesty International said that Papua New Guinea's defence force should be held accountable for more than 40 deaths and "disappearances" last year on Bougainville. **Reuter reports.**

The report claimed the Papua New Guinea Defence Force (PNGDF) and the paramilitary Resistance Forces were responsible for 44 "unlawful or indiscriminate killings, or 'disappearances'," last year. Amnesty also condemned what it described as "deliberate and arbitrary" killings by the BRA and called on the rebels to stop holding hostages.

British firms are back at their destructive best, writes Chris Bellamy

end of the Cold War. The world defence export market has halved in size since the end of the Cold war, but is still huge. At £20bn a year, it is equivalent to the total amount of coins and notes in circulation in Britain.

It is difficult to separate the market for military equipment from services, as the two usually go together in packages consisting not only of jets, corvettes or tanks, but of support, training and simulators. However, figures from the Stockholm International Peace Research Institute and the US Arms Control and Disarmament Agency indicate that arms themselves make up about two-thirds of the total - \$23bn (£14.3bn) in 1995. Of the £5.1bn exported by British companies last year, two-thirds was related to aircraft and the rest to land and sea systems.

However, the growing importance of simulators and computer systems mean there are increasing opportunities for sales in that area, too, not directly connected with specific weapons systems.

Developed nations account for more than 90 per cent of world arms exports. The Soviet Union was the second-largest exporter until its break-up in 1991, when Britain moved into second place. Briefly surpassed by Russia, it returned to this position last year.

The biggest arms-importing region is the Middle East, with Saudi Arabia the largest importer since the Gulf war, followed by Egypt and Turkey. East and South-East Asia and the Pacific Rim is the third-largest arms market, and is of increasing interest to European and North American defence firms. Military spending is expected to increase in proportion to the expanding economies of the region, and analysts fear that an arms race there could get out of control, with simmering tensions in the Korean peninsula, between China and Taiwan, over the Kurile, Paracels and Natuna islands. Many potential disputes are over resources or driven by environmental considerations, like the dispute in Papua New Guinea.



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international

Comrades praise 'great Marxist' but

Deng's memorial: One ceremony, two reactions

Teresa Poole
Peking

The final legacy of Deng Xiaoping proved yesterday to be the freedom not to have to mourn his passing.

In the Guiyou Department Store, nonchalant shoppers ignored the rows of purple-uniformed shop assistants who were standing to attention as the public address system blared a live transmission of Mr Deng's hour-long memorial ceremony.

"Maybe some people just mourn him inside their hearts," ventured one shop girl, after a smartly-dressed woman had demanded to try on a pair of cream court shoes costing 256 yuan (£20). It was a fitting tribute for a man who had wanted his funeral to be a non-event.

be today's new situation of reforms and opening-up and the bright prospects of the socialist modernisation."

He pledged that China would continue the reform policies of Mr Deng, offering no succour to either leftists or those who would wish to reassess the ver-

A money changer was more interested in exchange rates than the memorial

dict on the June 1989 Tiananmen Square protests.

The president said the Chinese people should "express our mourning by working harder and doing well in all aspects of practical work."

On the streets of Peking, some grieved openly and some did not. Many of those whose lifestyles are a product of the Deng reforms disregarded even the official three-minute silence in favour of business as usual.

"It's quite busy, people are still buying vegetables," grined one stall-holder in an open-air private food market, when asked why she was not watching the televised memorial ceremony.

The people of the Deng era were all around. There was the 20-year-old migrant worker from Shandong province who had arrived by train at 1am that morning planning to seek work as a hotel chef, one of millions who are now free to roam the country looking for jobs; so, he would not be watching the ceremony, he said, sitting on his bundles on the pavement, "I have nowhere to watch TV."

There was an illicit money-changer outside a branch of the Bank of China who was far more interested in how Deng's death might affect the exchange rates than in the memorial.

In old-fashioned state work units and government offices, tools and pens were generally downed for the three minute silence, but not everywhere. At the Tunnel Engineering Branch of the No 4 Municipal Engineering Company, which these days must keep an eye on the bottom line, an official explained that only party members and cadres would watch the broadcast, leaving the 800 construction workers still toiling un-



Multiple vision: Televisions in a Peking department store (above), tuned to yesterday's memorial service at the Great Hall of the People (below), showing the caption 'Comrade Deng Xiaoping is immortal'.

derground. A central government edict had ordered state units like his to ensure "the masses" also watched, he admitted, "but we have our own internal instructions". It would be too disruptive to the work schedule, he said.

The 63-year-old doorman at

the No 1 Machine Tool Factory explained that, unlike everyone else in the factory, he would not see the live broadcast "because there must be someone to keep watch".

Was he disappointed? "No, because if I can't see it today, I can see it tomorrow. It will be

on TV repeatedly." Like many of his generation who worked for cash-strapped state enterprises, he had been forced out of retirement because his pension after 30 years at the machine tool factory was so meagre.

Deng's reforms have been tough on the enterprises which were cocooned by central planning. "Over the last few years the business here has become not good," he said.

When Chairman Mao died, a Chinese person was more likely to get into trouble for not mourning publicly than for do-

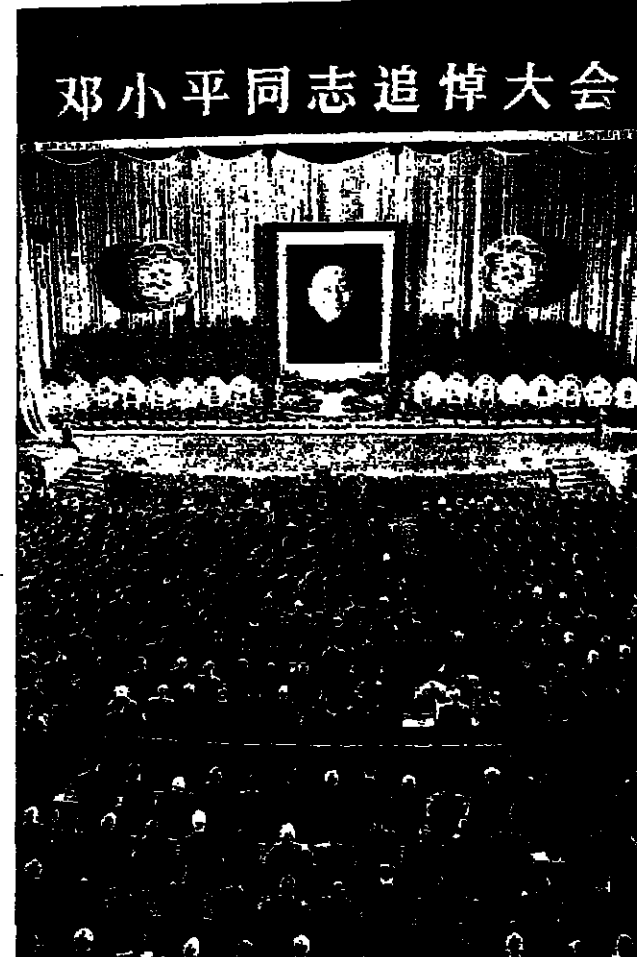
Peking (Reuters) — Two bombs rocked the Chinese city of Urumqi, capital of China's Muslim western region of Xinjiang, yesterday. Officials reported several casualties. Residents said the blasts occurred at about 6.30pm local time, on the last of six days' mourning for Deng Xiaoping. One explosion involved a vehicle believed to be a minibus; the second occurred at the south gate of the city, officials said. Ethnic Uighurs were thought to be involved.

ing so. Deng's programme of economic reform combined with an authoritarian political system has had the effect of reversing this.

By 7.40am, the police had cleared Tiananmen Square of any ordinary Chinese who had come to grieve or just to watch. An elderly couple who earlier laid a wreath at the Monument to the People's Heroes were allowed to walk across the square before plain-clothes police firmly helped them into a summoned police van.

A similar fate awaited mourners later in the day, one of whom placed a flower in a bottle — a play on the name Xi Jinping which in Chinese sounds the same as "Little Bottle".

Inside the hall, Mr Jiang stood centre stage as the man whom Deng, before his death, had called the "correct choice" as the new "core" of the party leadership, and someone "qualified" for the job.



The memorial ceremony, it turned out, was a 50-minute speech by Mr Jiang, eulogising Deng and promising to carry on his reforms. His death was "a loss beyond measure", said the president, producing tears which would not have convinced the most desperate casting director.

The speech gave the world the first hint of the path to be followed in the post-Deng era. A Western diplomat said: "The message there is first of all the policy of reform will continue, and secondly that Jiang's your man. The fact he was up there delivering the authoritative word on the Deng legacy made that point."

The speech was "more positive on reform than one might have expected, which is pretty

good news", he added.

Mr Jiang stuck to the official line on the June 1989 so-called "counter-revolutionary" events. "Because the party and the government adopted a firm and sober stand and because the achievements of reform and opening up and socialist modernisation had taken root in the hearts of the people, we withstood the severe test, and our cause continued its vigorous development along the road set," he said.

In the closing hours of the official six-day mourning period last night, the television channels showed repeats of the mourning ceremony.

Today the flags will be hoisted back to the top of their poles, and the post-Deng era begins in earnest.



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st' but it's business as usual for the Chinese

Hong Kong pays its respects with one eye on the handover

Stephen Vines
Hong Kong

A wail of fog horns filled Hong Kong's Victoria Harbour at precisely 10am yesterday as the Chinese national anthem was played some 2,000km away in Peking's Great Hall of the People at Deng Xiaoping's funeral service.

The famous funicular railway, which runs up to Hong Kong's luxury Peak district, ground to a halt, truck and taxi drivers sounded their horns and loudspeakers in underground train stations emitted solemn music for 10 minutes.

The colony's most influential companies were making sure that their gestures of respect to the late paramount Chinese leader were noted. For ordinary people it was business as usual. "I suppose I will watch it [the funeral] on the television news tonight," said Elsa Wong, a university services worker. "We are not being given time off

from work, so I can't think I will do anything else," she said.

However, the death of the man who has so greatly influenced the last years of colonial rule in Hong Kong has hardly been marked by indifference. More than 45,000 people have passed through the normally closed doors of the New China News Agency (NCNA) to pay their respects.

The NCNA, which acts as China's *de facto* embassy in Hong Kong, is unused to opening its doors to the public; more usually they are barred to prevent demonstrators outside from gaining access.

The death of Deng Xiaoping has given members of pro-democracy organisations and the Governor, Chris Patten, their first chance to enter the building. Practically every senior government official, business tycoon and other prominent personalities have judged it expedient to make an

appearance at the memorial hall in the NCNA building.

Meanwhile, Hong Kong's China watching media, which has traditionally been both the best and worst source of information on developments in China, is full of stories of disagreements between various leadership factions vying for power in the wake of Mr Deng's demise. Hong Kong's Chinese language newspapers have also been publishing accounts of Mr Deng's will, supposedly based on information supplied by Chinese officials. According to these reports, Deng expressed regret over the 1989 Tiananmen Square massacre. One report even says that he asked for forgiveness.

A pro-Peking political party has formally requested that some of Deng's ashes be scattered in Hong Kong to fulfil his wish of being in the territory at the time when China resumes sovereignty on 1 July.



Fond farewell: An old man wiping away a tear as he watches a live telecast in a Hong Kong shopping mall of China's President Jiang Zemin eulogising at Deng Xiaoping's memorial yesterday in Peking. Photograph: Jason Reed/Reuters

Local police demand equal rights

Chris Godsmark

The handover of power in Hong Kong will have a final, unexpected and unpleasant sting in the tail for police officers of Hong Kong Chinese birth in the colony who are likely to find themselves tens of thousands of pounds worse off than their white colleagues.

One of the officers, Ken Chik, is to seek a judicial review in the High Court today against the Foreign Office's interpretation of a little-publicised law rubber-stamped last year. This gives public servants in Hong Kong cash compensation and

the police force."

However, Mr Chik, along with 15 other Hong Kong officers intending to leave the force, discovered they were not eligible for generous compensation payments offered to civil servants serving in the colony who were born in the UK.

Unlike most Hong Kong nationals, Mr Chik's occupation was considered sensitive enough to require protection. He is currently considering whether to leave Hong Kong altogether before July to start a new life in the Britain.

A law introduced last year enables UK civil servants intending to leave Hong Kong to draw their pensions early and guarantees compensation worth up to £120,000.

The legislation also applies to officials of Hong Kong Chinese origin. However, when Mr Chik applied to the Foreign Office he was told that this affected only judges and magistrates. Police officers were not included. Mr Chik estimates this will cost him £10,000 a year for the next 17 years until he reaches his official retirement age of 55.

The ruling was made despite the fact that Hong Kong Chinese officers in the force were granted British citizenship in 1992.

Mr Chik is bitter. "We are very upset about this. We think it contravenes international law on human rights. The majority of local officers support us. All the 15 applicants are British. We're as British as the white officers."

Time is running out for the 15 police officers as the handover approaches. Louis Charalambous, Mr Chik's solicitor, said: "We hope the courts recognise how pressing this is and allow us to challenge the Foreign Office's interpretation of the legislation as quickly as possible."

"We're upset about this... we're as British as the white officers"

greatly improved pensions should they decide they cannot continue to serve under Chinese rule after 1 July.

Mr Chik, 38, takes his role in the Royal Hong Kong Police force seriously, including the oath all officers are required to swear to the Crown. He joined the force back in 1976 and has risen to the rank of senior inspector.

"We take the oath of allegiance very seriously indeed. We sometimes have to act against the Chinese people to safeguard British colonial interests. That's a considerable conflict of interest for people like me and could put me in conflict with China after the handover. That is why I have decided very reluctantly to leave

the force."

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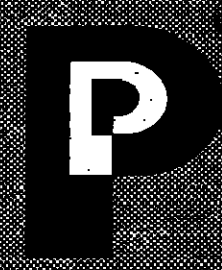
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The final act, but Kohl remains mighty

His latest German opera is called *Kanzlerdämmerung*, the Twilight of the Chancellor. You may have been led by recent colourful front-of-the-Rhine reports into thinking that the Rhine is boiling. Bonn's Gods are at each others' throats and Valhalla (Chancellor Kohl's Euro-project) is about to tumble. The problem with the scenario is that Helmut Kohl is not Wotan. He may be down but neither he nor his European ambitions is yet to be counted out. These past few weeks he has hit the roughest patch in his long dominance of German politics, but the Kohl era is not over yet.

But wait. What a cheap shot that Wagnerian trope is. It's so typical of the British approach to Germany to glorify in national stereotypes. History will always be an instructive companion, but should never become a tour guide. What is happening in Bonn is mere politics, healthy contestation of a kind we know well. A party convulses at the prospect of a change in leadership (ring any bells?) and the opposition rub their hands. Helmut Kohl is beleaguered — though unlike the British Prime Minister he still has his finance minister entirely on board in the matter of Euro.

Just listen to that not-so-coded message from Wolfgang Schäuble, his deputy: as well as himself, he said, there are at least eight other possible replacement chancellors from within

the ruling coalition. Note that he could make that remark only because German federalism is flourishing. All of the parties can call on talent nurtured in the state ministries of Düsseldorf, Munich and Saarbrücken. Could you ask for a more convincing demonstration that, as the century turns, German democracy is in fine fettle? Even the question could sound patronising, unless we admit that the Germans could easily turn round and criticise the cramping centralisation of power in the United Kingdom and instruct us in how liberating devolution of power can be. That said, German domestic politics are of especial interest to us in two areas.

The first is the reviving fortunes of the centre-left, as shown in the polls, and in the perkiness of the Social Democrats. What might this say about the Great Question of modern European politics, which is, what is left for the left when everyone agrees on low inflation, controlled taxes and constant downwards pressure on public spending?

Well almost everyone. Oskar Lafontaine, the SPD Bundestag leader, bidden to talks with the government on Monday night because his party controls the upper parliamentary chamber, ruled out any cuts in the top rate of tax, which is more than 50 per cent. Taxes, in Germany, do not quite have the reach-for-the-garlic-and-crucifix ring they have here. The SPD has been conversing lately with the Green Alliance

about the possibility of coalitions and the air is thick with talk of energy taxes. Watch this space for fiscal innovation.

The other question which directly concerns us is, of course, European integration. On the fate of Helmut Kohl depends the launch of the Euro in 1999. Look at the alternatives to him. All of them — whether Social Democrat, from the Christian Social Union (whose big man, the Bavarian prime minister, Manfred Stoiber, is a contender), or frontbencher of the Christian Democrats — are less enthusiastic about the single currency and unwedded to the existing timetable. Say the Chancellor

were to return from his Easter break and announce that he would not be a candidate for the next national elections, due in 1998. The German negotiating position at the Amsterdam inter-governmental conference would inevitably be weakened. The capacity of the CDU/CSU coalition to make that last push to bring the German budget deficit down to within Maastricht limits might be fatally weakened.

The clear implication is that all those in this country who, for their various reasons, wish to see monetary union delayed, must hope that the Big Man is on his last legs. Without Kohl, the

next British government faces a much easier ride, whatever its colour. So what happens in Germany if there is a revolt within the coalition, or the opposition demand the Chancellor's head as the price of its adherence to radical tax and pensions reform? Does it follow that the prospects for further integration of the European Union would be so badly set back? There is a school of thought, which certain Euro-enthusiasts have encouraged, which projects the possibility of no single currency, and Germany floating off into Austrian-style nationalism, or withdrawing into itself, leaving a geo-political vacuum in central Europe.

But neither of those is either necessary, or a likely outcome. The question of what post-Kohl Germany looks like has become a lot easier to answer as the contenders lumber up and strut the Bonn stage. The very fact that the SPD has been willing to begin discussions with the government over tax reform is a harbinger. The SPD is, truth to tell, a conservative party resembling in some degrees Old Labour, though without its ideological baggage and a lot more sharply dressed. But even it is beginning to bite the bullet of reducing labour costs and stimulating enterprise. Real Europhiles need have no fear of a SPD revival — Herr Lafontaine and his colleagues were not called Tuscany-socialists for nothing.

But the game is not yet up.

Chancellor Kohl will have to struggle to recover his former authority. He has the example before him in Konrad Adenauer of a Chancellor who stayed too long, though it will be more than a decade before he gets anywhere near Adenauer's age at exit. The revelation of the past few days is the quality and number of his would-be replacements. But they are still in the wings. Helmut Kohl bestrides the stage.

The Tube test for Labour

London Underground users should keep their eyes on three principles as the debate on the Government's plans for privatisation unfolds. One is the new money needed for investing in rolling stock, tracks and stations. Next is revolutionising the culture of London Underground's management and staff attitudes. The third is keeping strategic direction over all of London's transport, linking trains, buses, taxis, cycleways and Tubes in integrated networks (preserving such joint arrangements as the travel card). Privatisation, cleverly configured, can deliver all three. If Labour can acknowledge the advantages of privatisation in this case, it will have proven its claim to have thrown off its state-owning shibboleths.

LETTERS TO THE EDITOR

Stately homes belong firmly to the past

Sir: I fear that Mr Gummer, the countryside has become no more than a view from the motorway ("Gummer's vision for our rural future: more stately homes for the rich", 20 February). Building a latter-day equivalent of a Gothic pile is no more than making a composition within the frame of the car window.

If he wishes there to be an attractive countryside in the future, he should concentrate on saving it from ever more roads, airports and "green fields" industrial developments.

He should also be aware that new grand houses would be very different in their effect from the manor-houses of the past. The latter formed part of a now-vanished social and communal order. The local squire was the person who employed most of the locals, or leased them their farms. He, or she, was expected to act as the leader in local affairs, including taking on onerous and expensive duties. Much of this, of course, was for the benefit of fellow members of the squirearchy, but it included patronage of the local school, provision of village halls, and holding fêtes in the house grounds.

This is the good side of the old order, but it has gone, along with its many ills. A new generation of country houses is likely to be occupied by security-obsessed fat cats. Their owners are far more likely to start badgering the local authority to close public footpaths "for security reasons" than they are to lay out parkland and throw it open for public enjoyment.

CHRISTOPHER PADLEY
Market Rasen, Lincolnshire

Sir: John Gummer has a remarkably idiosyncratic idea of "very fine and very original" houses. If his examples are anything to go by: a medieval ruin and three 19th-century stylistic revivals.

Mark Girouard wrote in 1979 in *Historic Houses of Britain*: "No one could pretend that Sandringham is architecturally distinguished." But then, sadly, there have been very few distinguished country houses built since the time of Mackintosh and Lutyens at the turn of the century.

Mr Gummer could have quoted Hill House and Castle Drogo, not to mention Hardwick Hall, Blenheim Palace or the Royal Pavilion at Brighton as "truly outstanding" homes of great originality which enhanced their rural surroundings.

The trouble is that it will be up to local planning committees to decide what will enhance rural surroundings, and few will be prepared to be so daring as to support any design of true originality.

Paradoxically, some of the most far-sighted patrons of residential development have been Oxbridge Colleges — for example both St John's Colleges, where there are sensitively designed undergraduates' sets by Sir Philip Dowson and by Powell and Moya respectively.

I don't think Nicholas Schoon need shed too many tears for the less wealthy. There have been and continue to be many derelict cottages rebuilt and enlarged and barns converted to satisfy the demands of you and me for a pad in the country. What is really



needed is affordable housing in urban areas for the poor... but that is another story.
GEOFFREY BURNABY
Winchester, Hampshire

Sir: Your article "Gummer's vision for our rural future: more stately homes for the rich" (20 February), about the provisions in the Government's new planning guidance for rural areas, portrays a misleading picture of the Council for the Protection of Rural England's view.

CPRE is not "anti-development". We support a great number of development proposals, which, unfortunately, often goes unreported. The new guidance is, in general, welcome. In particular, we welcome the implication in the new guidance that local authorities need to think more carefully about the kind of development which is appropriate in rural areas. We believe in a more discriminating approach to rural development in which identified social and economic needs are met in ways which do not damage the quality of the rural environment.

The provision in the new guidance to encourage the building of new country houses is not warranted. The planning system already has sufficient flexibility to allow for truly innovative design. Moreover, CPRE is concerned that a special provision will create a new loophole in the planning system whereby speculative developers will be encouraged to build larger and more obtrusive homes in open countryside.

GREGOR HUTCHESON
Rural Affairs Officer
Council for the Protection of Rural England, London SW1

Palestine law chief replies

Sir: I was very surprised to read a despatch from Patrick Cockburn (Jorture deaths that shame Palestine", 21 February), the concluding paragraph of which was that I viewed all Palestinian human rights activists as "a fifth column". This is not correct and does not represent anything I have ever said or done.

I have the highest regard and respect for human rights activists — Palestinian and otherwise. My staff and I follow clear and strict instructions in this respect from our leader, President Arafat.

May I point out that I myself have suffered a great deal, and for a long time, in prisons under occupation, and I have special reasons to be grateful for the assistance I was given by human rights activists. My views on this subject, and on what is happening here in the sphere of human rights, were expressed in an interview in the Arabic newspaper *al-Hayat*, published in London on the same day as your despatch appeared.

Allow me please to emphasise the simple fact that we have promptly and actively investigated all reports about human rights abuses, and it is a matter of record that the Palestinian Authority has meted out severe punishment to culprits, irrespective of status or rank.

The fact remains, however, that we are a new administration

functioning in extremely difficult circumstances. This is not an excuse for wrongdoing — it merely explains the context in which some abhorrent and regrettable acts have been committed.

We are most grateful to human rights activists for helping the Palestinian people. We wish, at all levels, to co-operate in eradicating abuses and in improving and normalising life for our people in line with the highest standards of human rights principles.

KHALID AL-KIDRAH
Attorney General
Palestinian National Authority
Gaza

Press must take care after trials

Sir: Musa Mazzawi (letter, 18 February) is arguably wrong in assuming that because the two trials of the men acquitted of murdering Stephen Lawrence are over, the *Daily Mail* may now, without hindrance, say what it likes.

The courts have held (see *Archbold on Criminal Pleading, Evidence and Practice* 1997, paragraphs 20-36) that the definition of a common law contempt of court, provided by Attorney-General v Times Newspapers Ltd (1974), AC 273 HL, is wide enough to embrace "improper interference with persons who have been engaged in litigation after it is concluded". The assertion that men found not guilty

of murder are in fact guilty, arguably amounts to such "improper interference".
STANLEY BEST
Winkfield, Devon

Short of water? Ask Arizona

Sir: I have just returned from a two-week vacation in Arizona to find extraordinary statements being made by water company chiefs (report, 22 February) that unless we change our attitude towards water consumption, we will eventually be faced with daily water cut-offs, reductions in house-building programmes and other stringent measures — and this in a part of the globe where rainfall is plentiful!

Cities in Arizona and California are built on desert, and thousands of new homes are being built annually.

People often shower twice a day, and washing machines and dishwashers are standard equipment. There do not seem to be restrictions on watering grass lawns, gardens and golf courses.

Of course they have the mighty Colorado — but all this happens in what is basically a desert, where rainfall is minimal and summer heat tremendous. There must be something we can learn from a country which appears to be managing water supplies with considerable skill.
Mrs FMARY POOLE
Bath

Wonder number more than a tool

Sir: It was heart-warming for those of us who work as mathematicians to read Charles Arthur's eulogy of the complex number *i* ("It may be square, but it's wondrous", 22 February).

But I imagine many were also surprised at his relegation of *i* to the status of a "tool we've made" — rather than a plain fact of nature like the number π or the number 16. In spite of the historical terminology, *i* is no more (or less) imaginary than these "real" numbers.

And contrary to Mr Arthur's account, both *i* and its square-rootness of -1 are quite easy to draw on a piece of paper: as a point in the plane midway in rotation about 0 between +1 and -1.

Dr WILLIAM OXBURY
Department of Mathematical Sciences
University of Durham

Labour denies Europe plan

Sir: Your report "Blair plans European affairs department" (24 February) is utterly false. It alleges that "the plan for a department of European affairs is currently being worked on in Tony Blair's office". There is no such plan.

The "senior Labour source" on whose briefing the story claims to be based is seriously misinformed.
JONATHAN POWELL
Chief of Staff to Rt Hon Tony Blair MP
Leader of the Labour Party
House of Commons
London SW1

Assisted places mean state cuts

Sir: The college in Wiltshire at which I teach has been forced to endure numerous cuts in its income from the Government over the last four years, in the name of efficiency savings. Fewer courses are now offered, class sizes have increased significantly, and 13 staff have recently been made redundant.

Wiltshire County Education Authority has just confirmed swinging cuts in the budgets of all its comprehensive schools, giving a lack of government funding as its reason. In addition, the authority is about to cut all hardship grants for students in further education.

Meanwhile, the Government is providing more than £200m each year to fund places at independent schools all over the country, through the Assisted Places Scheme, and if the Prime Minister has his way, that figure is set to double next year.

Many of the measures taken by the last two Conservative administrations have had significant beneficial effects on the education system as a whole. However, the system is now in danger of serious underfunding, and it is very difficult to reconcile this enormous state subsidy to private system, with such a severe lack of cash for that which belongs to the public.

I M PERRY
Corsham, Wiltshire

Start voting, Swampy

Sir: For many years I have written, faxed and e-mailed appeals to toxic governments around the world, as part of Amnesty International's Urgent Action Network, which mobilises quickly to help people in grave danger of torture or execution. Many of these people are in life-threatening circumstances in their countries simply because they have campaigned for democracy and the right to vote.

I admire Swampy & Co enormously for their road protests, and abhor much of UK politics, but can never agree that not voting is acceptable.

Less of the chic boredom and nihilism, Suzanne Moore ("No wonder politics is nothing to rave about", 21 February), and consider what you'd do if you lived in a place where government is so very much more "deformed" than in Britain. For a start, you probably couldn't even write your oh-so-jaded article.

GLORIA McSHANE
Richmond, North Yorkshire

Asteroid odds

Sir: Oliver Morton estimates the danger of being struck by an asteroid as greater than the chance of winning the lottery ("So who cares if the sky is falling?", 25 February).

I'm no statistician, but has *The Independent* been hiding from us 100 or so deaths from celestial attack over the past couple of years?

CHARLES D WROE
Hove, East Sussex

The real thing?

Sir: Can anyone explain why — in spite of the United States embargo — it is so easy to buy Coca-Cola in Cuba?

SUSAN STEVENS
Guildford, Surrey

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interview

Labour: stop taking the tabloids

Lord Jenkins was the reforming Home Secretary of the progressive Sixties. Here he tells Nyta Mann why politicians in the Nineties would be wise to pursue libertarian policies

Roy Jenkins has a favourite saying: "Liberty is cheap." He has, in private meetings, told Tony Blair so. The leader of the Liberal Democrats in the House of Lords gives informal advice to Blair, to which the Labour leader is said to pay great attention. Jenkins has not publicly backed New Labour, but like Shirley Williams, his fellow co-founder of the Social Democratic Party, he has come close by heaping extravagant praise on Blair. There has even been talk among some Labour peers that Prime Minister Blair could do worse than appoint Jenkins Leader of the House of Lords should a little cross-party co-operation be in order after the election.

This Saturday, Jenkins is one of the keynote speakers at a conference hosted by the Fabian Society and Nexus, the newly formed network of centre-left academics and thinkers. Both organisations are in the bosom of the Labour Party, but the conference title - Passing the Torch - brings together figures who span the centre-left of British politics. Lord Jenkins of Hillhead will be sharing a platform with Tony Blair and Robin Cook. Jenkins is one of the grand old men of politics. Home Secretary (twice) and Chancellor under Harold Wilson, he was at one time seen as Labour's crown prince, destined to lead the party and become prime

minister. He lost out to Jim Callaghan and became President of the European Commission instead. But it is his first stint at the Home Office, from 1965 to 1967, that stands as his greatest political achievement. In two hyperactive years, he introduced, on his own initiative, a host of ground-breaking social reforms. Chief among them were legalising abortion, the decriminalisation of homosexuality and the liberalisation of the divorce laws. Though they would later be criticised by some on the right as having paved the way for the "permissive society", it is undeniable that the new laws changed for the better the lives of millions of ordinary people.

Despite having indelibly blotted his copy-book with his old party by breaking away to found the SDP in 1981, Jenkins is still held by Labour MPs as the model Labour Home Secretary. But ask him how he sees the chances of a New Labour government introducing similarly bold or progressive home affairs legislation, and he can barely squeeze the answer out through his laughter: "Nil, if Mr Jack Straw is Home Secretary, if you really want to know!"

This prediction may come as something of a blow to Straw's own hopes. The shadow Home Secretary has said he would like to leave office with a record comparable to Jenkins' in terms of lasting reputation, yet has been grimly deter-

mined to out-tough the Tories on the home affairs front.

"Yes, it's rather strange in a way, isn't it? I think a libertarian policy on penal and other matters would be both right and wise for an incoming Labour government, because apart from anything else, it's cheap. Liberty, surprisingly enough, is cheap in terms of public expenditure. A hard policy is rather expensive. That's not the only motive, but given that Labour is obsessive - up to a point understandably and rightly, though they're going a bit beyond what I would like - about not increasing public expenditure and not raising taxation, it seems to me that this points even more strongly in the direction of arousing some libertarian enthusiasm."

Both Blair and Straw have resisted this thrifty liberal logic. Liberty may indeed be cheap, but New Labour calculates the cost in the votes of Middle England, not in money. Fearful of being seen as soft on not only crime but also squeegee merchants, noisy neighbours, youngsters out after dark and what Straw has described as "families from hell", the party talks an increasingly social authoritarian line.

Jenkins, an unashamed libertarian, is deeply disappointed: "It shows lack of determination. You've got to arouse somebody's enthusiasm."

He believes that whoever holds the position of Home Secretary can also define a government long after those who



Roy Jenkins as Labour Home Secretary: Harold Wilson left him to get on with the job

serve in it have moved on. It's a lesson he learned from his own various high offices. "Finance bills, management of the economy and budgets tend to be short-term," he says. "The incoming tide of one's successor sweeps them away like sand castles."

"This is very much a retrospective thought that probably came to me five or more years later. But while the Chancellor of the Exchequer is much more at the centre of politics at the time, in the Home Office above all you can leave a much more permanent footprint."

Though he was Chancellor himself for the final three years of Wilson's first term of office, Jenkins admits that if the administration were judged on economic performance alone, there would be little for Labour supporters to cheer about.

The record of that 1964 to 1970 Labour government, which wasn't all that successful economically - a lot of unpleasant things had to be done and nothing worked until the end of my Chancellorship - would look

a great deal more barren than it does if it hadn't been for the Home Office reforms."

During his time as Home Secretary, Jenkins enjoyed a largely free hand to pursue his own priorities. "I had a certain amount of

efforts of the man who took over his old job. Jack Straw has raised to a virtue his own preference for reflecting popular - or even populist - opinion on home affairs issues, rather than taking a risk by moving ahead of it in any way. It is an approach Jenkins strongly dis-

contains trouble in Cabinet. But Wilson was really willing to let me do my own thing. I don't think he was strongly in favour of what I introduced, but he wasn't strongly against."

Such freedom of operation seems remarkable these days. Tony Blair, who shot to public prominence and won near-universal praise when he was shadow Home Secretary, pays close personal attention to the

agrees with. "I don't think it is a virtue. I think it's the duty of people to lead opinion and not follow it. Sensibly, you've got to have some regard to being reasonably persuasive and carrying opinion reasonably behind you, but certainly not just to say that you're following all the prejudices of saloon-bar opinion."

It isn't that Jenkins doesn't appreciate the pressure Labour faces to stick to its

6 I'm afraid I'm not very sympathetic to the policies of the present shadow Home Secretary
Lord Jenkins on Jack Straw

'It is our duty to lead opinion and not follow it ... and certainly not to follow saloon-bar prejudices'



ultra-cautious strategy. As he acknowledges, he never had the *Daily Mail* et al waiting to pounce on his every move in quite the same way they would today.

"Tabloid opinion is probably central. It wasn't nearly as bad then. You have to remember that the most successful tabloid in the Sixties was the *Daily Mirror*, which pursued a policy which is almost unimaginable now to *The Sun* or *Daily Mail*. The *Mirror* was a very successful popular newspaper, but ... it was constantly concerned to try to elevate the views and tastes of its readers, rather than degrade them."

He nevertheless feels that Labour has unnecessarily boxed itself in by adopting an approach to law and order "geared to propitiating the tabloids" and keeping up with Michael Howard.

"There is no need to be stuck in a corner," he says. "I forget who the original 'me too'-ist was - who it was to, that is. I think it was to one of the Roosevelts, probably Theodore. But it's one thing being 'me too' to Teddy Roosevelt. It's another thing being 'me too' to Michael Howard. So I'm afraid I'm not very sympathetic to the home office policies of the present shadow Home Secretary."

Like many within Labour, Jenkins believes Straw has doggedly pursued the "me too" stance for electoral purposes.

"I think he probably does want to be more liberal in office. I hope so, at any rate," he says. Many of Straw's parliamentary colleagues privately agree. Whether Straw will find it possible to come out of his liberal closet, presuming he is in it now, of course, once Labour wins power is another matter.

"It's quite difficult to pursue a policy of thinking that what you say before you come into office doesn't to some extent determine how you behave in office. You become a bit of a prisoner of your own rhetoric."

So how does Jenkins rate Straw's chances of achieving a lasting record as Home Secretary, should Blair give him the job? "If he could greatly reduce crime, that would be a great benefit. But I don't see any evidence that following a little way behind but half in step with Michael Howard is likely to do that. It's against the view of all informed opinion."

But the outlook for libertarians is not all gloomy, he is keen to stress. Concerned that he is sounding a more relentlessly negative note than he perhaps intends, he points out that there

is the odd thing Straw promises that Jenkins does positively approve of.

"There are one or two of his other policies, obviously," he says. When asked to specify which ones he likes, there is a long pause. "I'm trying to remember," Jenkins explains, pausing again. "There was one thing I saw the other day which was very fair." Another pause. "Oh! It's on homosexual reform," he says finally. Straw has indeed pledged to repeal the controversial Clause 28 powers that prevent local councils from presenting homosexuality in a positive light. "I was surprised at that, perhaps. So I'm not saying it's all wrong, by any means."

What then, without criticising Straw, does Jenkins believe the next government - whichever party forms it - ought to do? This time, there is no hesitation: "Well, of course, somebody's got to look rationally at drugs at some time." Oh dear. This is another subject on which he is highly unlikely to get any satisfaction from Labour, as Clare Short discovered last year following her mild suggestion that legalisation of cannabis was an idea worthy of debate.

"It won't be touched with a barge-pole," Jenkins accepts. "I haven't considered it in great detail, and I don't say I'm necessarily persuaded in favour of the legalisation of marijuana without question, but nobody considers it objectively at all."

It seems there is no getting away from the fact that there is more for Jenkins to criticise - openly or implicitly - than to praise about Jack Straw as prospective Home Secretary. Then again, this is no surprise given that while in just about all other policy areas Liberal Democrats can live quite happily with New Labour, the greatest philosophical distance between the two parties exists in home affairs. Jenkins agrees.

"I think a government which wants to have enthusiastic support of the still substantial and considerable left-of-centre leaning part of the population would be very wise - particularly if it feels very restricted in the public expenditure field - to pursue a generally liberal, libertarian policy on home affairs matters."

But Jenkins best summarises his attitude with a thought that applies equally to many Labour, as well as Lib Dem, supporters. "I do have very grave doubts about Mr Straw's policies and attitudes," he says. "But that's not enough to make me want another Tory victory."

Tomorrow: Douglas Hurd talks to Donald Macintyre

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Pregnancy & Birth

Come to sitcom country, in old Budapest

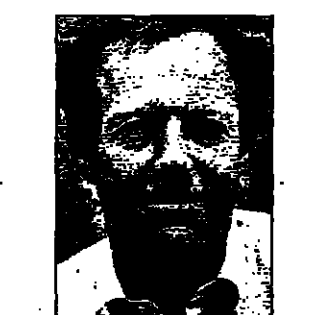
So anyway, a year or two back I visited Craigmillar Castle on the southern edge of Edinburgh with my nine-year-old son, and I was impressed by the tumbledown air of faded history, though my son wasn't. "Come on, Dad, let's go - this is BORING!" was his only comment.

What neither of us knew was that Craigmillar Castle was soon to be used as a location for the filming of *Ivanhoe*, and would be featured for that reason in a *Radio Times* "Holiday 97" supplement ("Come to Ivanhoe Country!"). If we had known, it would have made all the difference. We would have steered clear and gone somewhere else, because he has no idea who *Ivanhoe* was, and I because I can't see the point of visiting the place where the programme was made and would like to avoid those who do.

I must be in a minority. About once a fortnight I come across articles featuring *Avoca*, the Irish village in which *Ballykissangel* is filmed, and I can only assume from the frequency of these articles that people do actually go to

Avoca to see the place where *Ballykissangel* is filmed. I myself have never seen the TV sitcom *Ballykissangel*, though I know by now that is yet another of these programmes to the glory of Irish rural life and the endearing nature of old Irish priests (which never seems quite to fit in with the real-life image of Irish rural life being wet, poor and miserable and Irish priests being given to sexual misadventures on such a grand scale that not even the publicity machine of the Irish Catholic Church can cover them up), and I even know by now that Fitzgerald's Bar in the programme is actually called the Fountain Bar in real life, and I truly marvel that such is the power of TV that a people go to *Avoca* to see where it was done; b) I cannot prevent myself learning all this useless background info.

Another village which used to be in the news a lot is the one used for *Last of the Summer Wine*, but that must be so well-known that it isn't worth mentioning any more. Certainly, the *Radio Times* supplement states over it and prefers to offer Travel Tip



Miles Kingston

articles on "Rebecca Country", "Cadfael Country" and "Wildfell Hall Country". From these you learn that although *Rebecca* was set by Daphne du Maurier in Cornwall, it filmed in South Devon and Hampshire. You can buy *The Making of Rebecca* from Andre Deutsch for £12.99 if you want the full details, but the detail that sticks in my mind is that the part of Manderley was played by Rotherfield Park in Hampshire. So where is "Rebecca Country"? Not Cornwall, that's for sure. And what about "Wildfell

Hall Country"? "West Yorkshire is the dramatic setting for *The Tenant of Wildfell Hall*, Anne Brontë's classic novel," says the *Radio Times*, and then goes on to say without embarrassment that West Yorkshire is never seen on screen, as it was filmed entirely in Lancashire, Oxfordshire and Cumbria. Worse is to come in "Cadfael Country", because the ITV series *Cadfael*, about the medieval detective monk at Shrewsbury Abbey, "was filmed entirely on location in and around Budapest."

So if you board a coach promising you a few days in "Cadfael Country" you will logically find yourself driving across Europe to Hungary's capital, a place which has nothing in common with the monastic life of Shropshire except that bits of it look like bits of Shropshire. And you will find yourself mingling with coachloads of people who have come to see "Maigret Country", for it was in Budapest that the watchable *Maigret* series featuring Michael Gambon was made, which means that in the mad logic of TV tourism, "Cadfael Country" and "Maigret

Country" are exactly the same place.

As a postscript to this ridiculous business, I should like to mention that last December I floated the idea of setting a TV sitcom in a fictional Cotswold village, which was perpetually being used as a location for films. I even invented a character, the Retired Colonel, who spent half his time inveighing against the film companies and the other half taking as much money from them as possible. Not long afterwards, I had a call from a local company which actually fixes film location work in the vicinity. "Enjoyed the piece," said a lady's voice, "but how on earth did you know the Colonel?" "The Colonel?" I said. "I made him up."

"Oh no you didn't," she said. "We know him well. He lives at ...". She named a well-known village. "We are always having run-ins with him. He is exactly as you describe."

So there we have it. A new TV sitcom, just waiting for someone to commission me, set in the Cotswolds. Though I don't think we'd actually film it in the Cotswolds. I like the sound of Budapest better.

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Tourist Rates

£ Days	2,040.00	£ Days	8,857.5	£ Days	2,280.00
Australia (Dubai)	16,700.00	France (Paris)	2,880.00	New Zealand (Dunedin)	10,000.00
Bahamas (Cairns)	5,494.00	Germany (Munich)	490.00	Norway (Oslo)	10,000.00
Bahamas (Paris)	5,494.00	Germany (Dresden)	490.00	Spain (Barcelona)	268,000.00
Cyprus (Nicosia)	6,734.00	Italy (Rome)	7,700.00	Spain (Pamplona)	228,500.00
Cyprus (Paphos)	6,734.00	Italy (Turin)	10,000.00	Sweden (Pomer)	13,000.00
Dominican (Dunedin)	10,250.00	Italy (Venice)	268,000.00	Switzerland (Zurich)	13,000.00
Dominican (London)	10,250.00	Italy (Venice)	10,000.00	United States (Dallas)	1,000.00
Finland (Helsinki)	8,000.00	Italy (Venice)	10,000.00		

Interest Rates

UK	6.00%	Germany	4.00%	US	8.75%	Japan	4.00%
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Italy	8.00% <td>Prize</td> <td>4.00% <td>Spain</td> <td>10.00% <td>Canada</td> <td>3.00%</td> </td></td>	Prize	4.00% <td>Spain</td> <td>10.00% <td>Canada</td> <td>3.00%</td> </td>	Spain	10.00% <td>Canada</td> <td>3.00%</td>	Canada	3.00%
Discount	7.25%	Germany	4.75% <td>10-Day Repo</td> <td>8.00%</td> <td>Switzerland</td> <td>4.00%</td>	10-Day Repo	8.00%	Switzerland	4.00%
Advance	2.50%	Germany	4.25%	Repo (Fixed)	4.00%	Discount	10.00%
						London	4.25%

Bond Yields

Country	5 yr	Yield %	10 yr	Yield %	Country	5 yr	Yield %	10 yr	Yield %
UK	62%	63%	72%	75%	Netherlands	13.7%	45%	8.0%	54%
US	62%	63%	72%	75%	Spain	7.9%	55%	7.5%	61%
Japan	60%	14%	25%	28%	Italy	7.2%	67%	7.0%	72%
Germany	60%	12%	17%	22%	Brazil	8.0%	43%	6.5%	66%
Argentina	60%	45%	6.0%	5.5%	Sweden	10.0%	53%	6.5%	68%
France	59%	4.3%	6.0%	5.6%	ECU Out	8.0%	45%	5.5%	57%

Source: BIS Market Reports. * Data compiled by bond bases. ** Data may be approximate.

Money Market Rates

	Overnight	7 Day	1 Month	3 Months	6 Months	1 Year
sterling	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Swedish	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Central Italy	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Discount	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Thru	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Thru	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
ECU	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Life	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

Life Financial Futures

[illegible]

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	2047-48	2048-49	2049-50	2050-51	2051-52	2052-53	2053-54	2054-55	2055-56	2056-57	2057-58	2058-59	2059-60	2060-61	2061-62	2062-63	2063-64	2064-65	2065-66	2066-67	2067-68	2068-69	2069-70	2070-71	2071-72	2072-73	2073-74	2074-75	2075-76	2076-77	2077-78	2078-79	2079-80	2080-81	2081-82	2082-83	2083-84	2084-85	2085-86	2086-87	2087-88	2088-89	2089-90	2090-91	2091-92	2092-93	2093-94	2094-95	2095-96	2096-97	2097-98	2098-99	2099-00	2100-01	2101-02	2102-03	2103-04	2104-05	2105-06	2106-07	2107-08	2108-09	2109-10	2110-11	2111-12	2112-13	2113-14	2114-15	2115-16	2116-17	2117-18	2118-19	2119-20	2120-21	2121-22	2122-23	2123-24	2124-25	2125-26	2126-27	2127-28	2128-29	2129-30	2130-31	2131-32	2132-33	2133-34	2134-35	2135-36	2136-37	2137-38	2138-39	2139-40	2140-41	2141-42	2142-43	2143-44	2144-45	2145-46	2146-47	2147-48	2148-49	2149-50	2150-51	2151-52	2152-53	2153-54	2154-55	2155-56	2156-57	2157-58	2158-59	2159-60	2160-61	2161-62	2162-63	2163-64	2164-65	2165-66	2166-67	2167-68	2168-69	2169-70	2170-71	2171-72	2172-73	2173-74	2174-75	2175-76	2176-77	2177-78	2178-79	2179-80	2180-81	2181-82	2182-83	2183-84	2184-85	2185-86	2186-87	2187-88	2188-89	2189-90	2190-91	2191-92	2192-93	2193-94	2194-95	2195-96	2196-97	2197-98	2198-99	2199-00	2200-01	2201-02	2202-03	2203-04	2204-05	2205-06	2206-07	2207-08	2208-09	2209-10	2210-11	2211-12	2212-13	2213-14	2214-15	2215-16	2216-17	2217-18	2218-19	2219-20	2220-21	2221-22	2222-23	2223-24	2224-25	2225-26	2226-27	2227-28	2228-29	2229-30	2230-31	2231-32	2232-33	2233-34	2234-35	2235-36	2236-37	2237-38	2238-39	2239-40	2240-41	2241-42	2242-43	2243-44	2244-45	2245-46	2246-47	2247-48	2248-49	2249-50	2250-51	2251-52	2252-53	2253-54	2254-55	2255-56	2256-57	2257-58	2258-59	2259-60	2260-61	2261-62	2262-63	2263-64	2264-65	2265-66	2266-67	2267-68	2268-69	2269-70	2270-71	2271-72	2272-73	2273-74	2274-75	2275-76	2276-77	2277-78	2278-79	2279-80	2280-81	2281-82	2282-83	2283-84	2284-85	2285-86	2286-87	2287-88	2288-89	2289-90	2290-91	2291-92	2292-93	2293-94	2294-95	2295-96	2296-97	2297-98	2298-99	2299-00	2300-01	2301-02	2302-03	2303-04	2304-05	2305-06	2306-07	2307-08	2308-09	2309-10	2310-11	2311-12	2312-13	2313-14	2314-15	2315-16	2316-17	2317-18	2318-19	2319-20	2320-21	2321-22	2322-23	2323-24	2324-25	2325-26	2326-27
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Union up for sale as era of discount houses reaches end

Jim Treanor
Banking Correspondent

Union, once one of the most prestigious financial institutions in the City, is up for sale amid expectations of substantial job losses at the company which made its reputation as a discount house.

One of the names in the frame to buy what remains of Union is Joseph Lewis, the reclusive millionaire who owns

the Christie's auctioneers, who already has a 24 per cent stake.

Graeme Knox, a non-executive director who is taking over temporarily as chairman of Union, said the company had received several unsolicited bid approaches over the last few weeks and was pursuing discussions with the interested parties, which he declined to name.

The bid talks helped push Union's languishing share price up from 86.5p to 95p.

The company, which has warned it expects to make an operating loss in 1996 of £1.7m, is reorganising the top management. George Blunden, the son of a former Deputy Governor of the Bank of England, will leave as group chief executive at the end of the week along with Ian Martin, the group's finance director.

Mr Blunden's sudden departure follows his own attempts to clean up Union's

business since he was appointed in 1992 from Warburg's discount house.

The discount houses are specialist banks that have traditionally had a monopoly on daily dealings with the Bank of England in bills of exchange. The Bank uses these dealings to set interest rates.

But the Bank is radically restructuring the way it sets interest rates and is ending the privileged position of the City's

discount houses by opening up dealings in short-term money market instruments to a wide range of banks, building societies and securities firms of UK or continental ownership.

Union, which dropped Discount from its name a few years ago, has told the Bank it does not intend to maintain its once privileged position after 5 March, and will wind down its positions over the next few weeks.

It is also in advanced discussions about selling its Glasgow-based equity market-maker Aitken Campbell.

Mr Knox said he would accelerate the current strategy of building fee-based businesses and withdrawing from proprietary trading ones. Union will be left with two main businesses, Union Fund Management and Union CAL, a derivatives broker.

"The remaining parts of

Union which have had, at best, a volatile profits record will be progressively closed down and the assets realised in an orderly fashion," Union said.

This leaves substantial scope for job losses from the firm, which is still shackled to the somewhat grandiose group structure which derived from its roots as a discount house.

"We are therefore taking steps to reduce substantially the running costs of Union which,

of necessity, entail the regrettable departure of many able and conscientious people for whom there is no longer a role," Union said.

Mr Knox declined to give further details of how many of Union's 170 employees would be affected by the restructuring although yesterday he began a 30-day consultation programme with employees ahead of what is expected to be a "substantial programme of redundancies".

NatWest paints cautious picture for UK growth

Jim Treanor
Banking Correspondent

NatWest painted a cautious outlook for 1998 as it announced pre-tax profits of £1.12bn in 1996 down from £1.75bn. The bank also put an end to speculation that it was in the race to bid for Scottish Amicable by saying the rising price for the mutual life insurer could not be justified.

NatWest's profits fell, widely expected by the market, was the result of a loss of £719m on sale of businesses that included Bancorp, its US banking operation, costs of £186m on the redesign of its UK retail banking operations and a gain of £224m on the sale of its stake in 3i, the venture capital company.

Stripping out the charges, underlying profits at NatWest rose by £339m to £1.61bn. However, its share price fell 36p to 776.5p on disappointment that it did not announce plans to return capital to shareholders as Barclays did last week.

In contrast with Barclays, which announced sharply lower profits at BZW, its investment banking arm, NatWest's investment bank produced higher pre-tax profits of £462m, up from £304m. But the result, included a fall in bad debt provisions from £114m to £18m.

Overall, NatWest increased its general provisions against bad debts by £50m and made specific provisions of £499m.

Lord Alexander, chairman, said NatWest was forecasting a slower pace of economic growth in the UK next year and would therefore adopt a more cautious approach to lending.

"Interest rates have to rise. This is our scenario whichever party wins the election," Lord Alexander said.

Derek Wanless, chief executive, said this would involve a more cautious policy towards lending to small businesses and the construction and property areas. This was the time in the economic cycle - rising growth and rising consumer confidence - that banks traditionally "lost it" by increasing lending.

NatWest did not intend to fall into this trap and therefore, based on economic forecasts by David Kern, its chief economist, was preparing for a slower economic growth next year which might make it harder for businesses to repay debts.

"Their management is at odds with what is being preached by management elsewhere," said Peter Toeman, banking analyst at ANM Amro Hoare Govett. However, he said this did not mean it would not prove to be correct.

Lord Alexander said 1996 was the culmination of the reshaping of NatWest. Its retail bank, which laid off more than 3,000 staff during the year and has plans to make a further 10,000 redundant in the years ahead, included costs of £186m as it shut down more than 300 branches around the country.

The bank expects to incur a further £100m of costs in retail banking this year to cover the cost of introducing new technology.

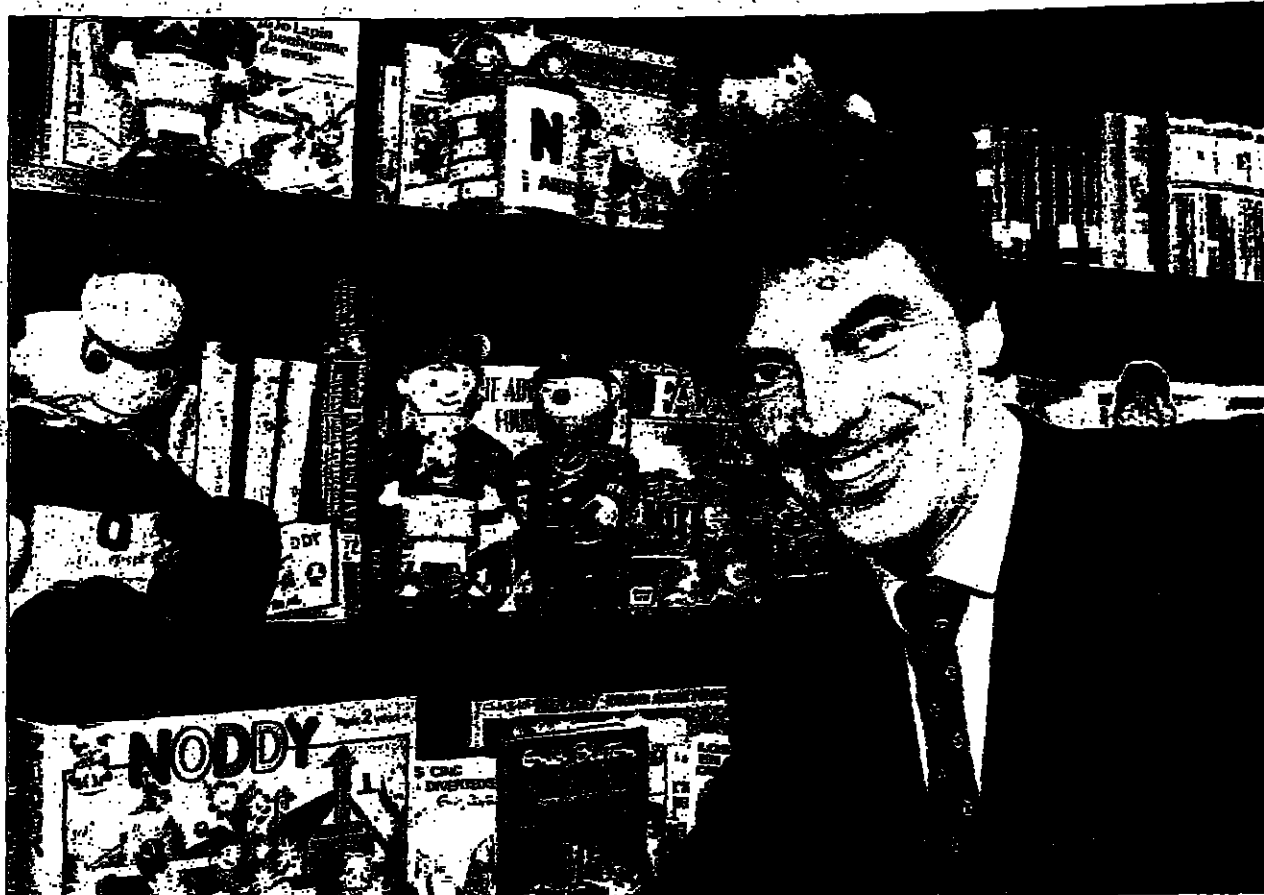
Across the entire group, the bank will spend another £100m to reprogramme its computers to deal with the data problem arising from the turn of the millennium.

The bank's retail operation recently saw a deal with Tesco to offer banking from its supermarkets fall apart, and Mr Wanless said talks were being held with lawyers about seeking compensation from the supermarket chain.

At NatWest Markets, the investment banking arm, staff costs shot up from £510m to £726m, largely as a result of higher bonuses.

Martin Owen, chief executive of NatWest Market, said the higher figure also reflected the costs of acquisitions through the year.

Comment, page 21



Characters: Nigel Wray, chairman of Trocadero, is considering doubling the company's Blyton portfolio

Noddy & Big Ears could find themselves spun off into a separate publicly quoted company under plans being considered by Trocadero, the property and leisure group which owns the rights to the characters, writes Nigel Cope.

Trocadero, run by Nigel Wray and Nick Leslau, says it has already doubled the division's sales and profits as it markets the brands more aggressively both in the UK and the US.

In addition to exploiting the merchandising opportunities provided by Noddy and Big Ears, Trocadero hopes to develop other 'Toytown' series.

Trocadero paid £14m for the

Trocadero toys with idea of Noddy spin-off

Enid Blyton portfolio in January last year but has already doubled the division's sales and profits as it markets the brands more aggressively both in the UK and the US.

In addition to exploiting the merchandising opportunities provided by Noddy and Big Ears, Trocadero hopes to develop other 'Toytown' series.

Trocadero paid £14m for the

so they can have books and storylines of their own. Mr Leslau said: "The Blyton portfolio has 36 different characters and we are very interested in other intellectual property. We've looked at Sooty and Paddington Bear but nothing has caught our eye."

Since acquiring Enid Blyton, the company has re-negotiated contracts and has reached an

agreement with the BBC giving Trocadero full control over Noddy merchandise and publishing.

The plans were unveiled as Trocadero announced its 1996 results which showed the group's net assets per share had soared from 7.1p to 20.1p. This excludes any valuation of the Enid Blyton catalogue. Gearing has been halved to 87 per cent and group turnover increased by 19 per cent to £10.7m.

The upbeat message was overshadowed by a disappointing performance from Segaworld, the interactive games centre based at the Trocadero in central London.

EMU 'backed by bond yields'

Yvette Cooper

Bond dealers expect European monetary union to go ahead on time, according to the Bank of England's Governor, Eddie George. Speaking at the EuroMoney International Bond Congress in London yesterday, he said: "The fact that yield curves in Germany and France are practically identical is consistent at least with EMU going ahead - at least with a narrow membership."

But at the same conference, leading commercial economists diverged from the bond market view, expressing serious doubts that EMU would go ahead on time.

The pattern of future bond yields reflects traders' expectations about inflation in the years to come. Yield curves for French and German bonds have converged to be almost identical, showing that the markets expect inflation in the two countries to be identical in future too.

Mr George pointed out that five-year forward yields in Italy and Spain remain significantly higher than in Germany and France, "suggesting that early EMU membership [for Italy and Spain] is not at all certain

in the eyes of the market." However considerable convergence has already taken place: the interest rate differential between German and Italian 10-year bonds has fallen by around 4 percentage points in the last two years.

Germany and France also show a steep rise five years down the line. Mr George claimed this "suggests that inflation is expected to be higher in the medium term. That could be associated with expectations of softer macro-economic discipline."

In particular, the Governor said, this could reflect market uncertainty about the strength of the new single currency, and about "how far the European Central Bank will in practice be free to pursue its statutory task of maintaining price stability."

Roger Bootle, chief economist at HSBC, was among the speakers doubtful about EMU going ahead on schedule. "The odds are against it happening on time," he said.

Simon Briscoe of Nikko Europe rated the chances of a single currency on schedule as 50-50. George Magnus of UBS said the chances were 60 per cent, "but the percentage is falling".

Sky boosts US presence with \$1bn pact

David Osborne
New York

Satellite and cable broadcasters in the US attempted yesterday to shrug off the prospect of fresh and potentially powerful competition from a new alliance between Rupert Murdoch's ASkyB and EchoStar of Colorado.

The deal, under which ASkyB will acquire 50 per cent of EchoStar, could transform the subscription broadcasting industry in the US. It is also designed to fill a critical gap in the global jigsaw of satellite services owned by Mr Murdoch, which

includes BSkyB in Britain and JSkyB in Japan.

But the venture, which will trade under the Sky name, faces several hurdles. Satellite TV still lags far behind cable in the US and the Federal Communications Commission (FCC) is likely to scrutinise the deal.

The issue of foreign ownership, which has dogged Mr Murdoch's broadcast activities in the US, is almost certain to arise again. ASkyB's original US partner, MCI, will have 10 per cent of the venture. MCI, in turn, is in the process of merging with UK-owned British Telecom.

But there was a warm welcome for the \$1bn (£613m) pact from Wall Street yesterday. In early trading in New York, shares of EchoStar were boosted \$8.50 to \$26.50, while Murdoch's News Corporation was also trading higher.

Growth among the four main direct broadcast satellite companies in the US, among which DirecTV is the leader, has recently disappointed analysts. EchoStar, moreover, is the fourth in the pack with only 400,000 subscribers accumulated since its launch last March.

In combination, however,

EchoStar and ASkyB could prove a highly potent competitor both to the other satellite players and to the terrestrial cable companies. Together, they will hold many more frequencies than any of their competitors, including DirecTV, with a capacity for 500 channels.

Most crucially, however, the new company says it will have an ability not enjoyed by the other satellite providers to relay, through new "spot-beaming" technologies, local television services to the largest US markets. Currently, satellite subscribers must use cable boxes or

an antenna to receive local network affiliates broadcasting in their own areas.

Other industry leaders questioned the financial implications of such new technologies, however. "There will be an accumulation of costs... that are going to translate to the consumer in terms of affordability," suggested James Gray, chairman of PrimeStar, the second-largest satellite broadcaster.

He also pointed to potential dangers in the FCC review in regards to the large concentration of satellite transponder capacity the new company will control.

Major's EU employment fears 'overblown'

Diane Coyle
Economics Editor

John Major's claim that signing the European Social Chapter would put 500,000 people out of work in the UK was challenged in an independent report yesterday.

The Prime Minister's assessment was "overblown, inaccurate and unresearched", according to John Philpott, director of the non-partisan think-tank the Employment Policy Institute.

EU directives could in fact in-

crease the adaptability of the UK workforce.

The report argues that introducing employment protection legislation on the continental model to the UK would not necessarily destroy jobs. Although it might have this effect in low-wage, fire-and-fire industries, in some sectors it could actually create jobs by raising productivity.

However, the Labour Party should consider very carefully the risk that the impact of the Social Chapter would be extended in areas subject to qualified majority voting rather

than a unanimous decision. These include health and safety, working conditions and equality. But the study argues that the trend on the Continent is towards less rather than more regulation in these areas.

"There is no clear evidence to suggest that employment protection raises total unemployment," Mr Philpott writes. The Prime Minister's claim was not backed by serious analysis.

Indeed, increased co-operation between employers and employees could make the labour market more adaptable

and flexible than it is at present. If adopted sensibly, better conditions could help improve the quality of the labour force.

The report accepts that any move to harmonise wages or benefits across Europe would damage UK job prospects. But it notes that pay, the right of association and right to strike are explicitly excluded from the Social Chapter.

Some matters covered by qualified majority voting, such as health and safety or working conditions, could impose extra costs on British employers, and

Mr Philpott says a Labour government should ponder this.

The potential for job losses as a result of imposing additional employment standards is greatest among small firms, but the report points out that the Social Chapter is explicit about the need to avoid harm to small and medium-sized businesses.

Mr Philpott says a Labour government should ponder this.

STOCK MARKETS									
FTSE 100		Dow Jones*		Nikkei					
4350	7070	10000	10000	10000	10000				
4320	6980	9900	9900	9900	9900				
4280	6890	9800	9800	9800	9800				
4240	6800	9700	9700	9700	9700				
4200	6710	9600	9600	9600	9600				
4160	6620	9500	9500	9500	9500				
4120	6530	9400	9400	9400	9400				
						FTSE 100 (Index)			
*Dow Jones Index from 12:00 hours									
Indices									
Index	Close	Day's change	Change (%)	1996/97 High	1996/97 Low	Yield (%)			
FTSE 100	4344.70	+13.80	+0.3	4357.40	3632.30	3.83			
FTSE 250	4865.00	+23.10	+0.5	4885.00	4015.30	3.37			
FTSE 350	2149.20	+7.60	+0.4	2150.80	1816.80	3.57			
FTSE SmallCap	2352.31	+2.88	+0.1	2352.31	1954.06	2.80			
FTSE All-Share	2121.82	+7.10	+0.3	2122.75	1791.95	3.52			
New York*	6994.34	-13.86	-0.2	7087.46	5922.94	1.94			
Tokyo	19070.07	+173.08	+0.9	22866.80	17303.65	0.867			
Hong Kong	13520.26	+144.57	+1.1	13888.24	10204.87	3.191			
Frankfurt	3233.21	+49.00	+1.5	3276.16	2253.36	1.521			
Source: FT Information									

INTEREST RATES									
Short sterling*			UK medium gilt			US long bond			
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov			Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov			Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov			
Money Market Rates									
Rate			1 Month			1 Year			
UK			5.0			6.63			
US			5.31			5.72			
Japan			0.42			3.44			
Germany			3.19			3.09			
Bond Yields *									
Rate			3 Month			Medium Bond (%)			
UK			7.09			7.98			
US			6.37			6.04			
Japan			2.40			2.12			
Germany			5.54			6.44			
Long Bond			7.24			8.10			
10 Year			6.64			6.48			
*Data from 12:00 hours									
MAIN PRICE CHANGES									
Index	Price	Change	% Change	Index	Price	Change	% Change	Index	Price
Christie's Int'l	322.5	19	6.2	Uthman	189.5	18.5	6.7	Energy Group	547.5
Wpa Group	268.5	15	5.9	Next Westminster	776.5	36	4.4		
Delta	348	15.5	4.7						

CURRENCIES

£/\$

Year	Rate
1980	1.60
1981	1.65
1982	1.62
1983	1.65
1984	1.68
1985	1.65
1986	1.62
1987	1.65
1988	1.68
1989	1.70
1990	2.00

£/DM

Year	Rate
1980	1.54
1981	1.58
1982	1.55
1983	1.58
1984	1.55
1985	1.58
1986	1.55
1987	1.58
1988	1.60
1989	1.62
1990	2.00

£/¥

Year	Rate
1980	0.61
1981	0.65
1982	0.62
1983	0.65
1984	0.62
1985	0.65
1986	0.62
1987	0.65
1988	0.68
1989	0.70
1990	0.72

Other UK exchange rates and 94 index of 2000 base

Pound

Yesterday	Change	Year Ago
£ (London)	1.6342 +0.07c	1.5400
£ (N York)	1.6025 -0.30	1.5410
DM (London)	2.7386 +1.12p	2.2285
¥ (London)	169.364 +0.118	180.571
Index	98.0 +0.2	83.1

Dollar

Yesterday	Change	Year Ago
£ (London)	0.6119 -0.03	0.6494
£ (N York)	0.6240 +0.28	0.6488
DM (London)	1.5758 +0.51p	1.4471
¥ (London)	121.885 +0.02	104.270
Index	103.2	unch. 94

OTHER INDICATORS

Yesterday	Day's Change	Year Ago
DM Brent \$	35.65	0.1
Gold \$	394.5	1.75
Index	17.80	398.30

Index	Latest	% Chg	Next Page
RPI	154.4	-146.0	13 Mar
GDP	109.7+2.8p	107.0	25 Apr

Base Rates	Value
£/\$	-6.00p
£/DM	6.75

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COMMENT

'Given the wariness of the private sector to get involved in partnership arrangements such as in the Private Finance Initiative, privatisation may be too compelling to ignore'

Labour should think about a Tube sell-off

So how is the Government planning to privatise the London Underground? The question might seem something of an academic one given that the present lot are unlikely to be in power for much longer. For those who are interested in such musings, however, there was not much enlightenment in yesterday's formal statement by the Transport Secretary, Sir George Young. His back-of-the-envelope sketch of how the sell-off might work was vague, to say the least.

There are basically three options: sell the network off as a single operation; sell off lines individually; or use the British Rail model with a track company to which different train operators would pay fees. Unsurprisingly, given the looming election and Labour's opposition to privatisation of the Tube, there hasn't been much work done in the City yet on which of these options might yield the best result.

Whatever the outcome of the election, it will not alter the Tube's severe investment backlog, estimated at about £1.2bn and rising fast. Underground executives have already had to scrap £700m of improvements over the next three years. With Gordon Brown donning his hair shirt over public spending, the Underground can forget about asking for increases in subsidies.

So it may well be that eventually Labour is forced to dust off the privatisation option despite its distaste. The alternative - a series of investment partnerships with private capital - looks both messy and impractical. As

too, does a publicly owned Underground network allowed to raise its own capital through revenue linked bonds, for while this might technically remove the company from the public finances, in truth it doesn't fool anyone. It is just Government borrowing by another name, and expensive borrowing at boot.

If anything, the Tube system is actually easier to privatise than the rail network. "It certainly isn't the kind of basket case the Government makes out," said one investment banker. The Tube had sales last year of £937m, from which it made an operating profit of £130m. It also received state subsidies worth £383m. On paper that makes it a quite bankable proposition, capable of absorbing substantial quantities of debt to fund investment. Not such an academic question after all, it would seem.

NatWest may regret its caution

A complex set of results from a group in transition, was how Nick Collier, banking analyst at Morgan Stanley, chose to describe NatWest's results yesterday. A more charitable way of looking at them is that somewhere in there, hidden beneath the confusion of disposals and acquisitions, there could be a good set of results trying to get out.

So let's have a look at what's been happening at NatWest over the last year or so. What the bank realised by selling Banco

in the US and Banco NatWest Espana has been reinvested in bolt-on acquisitions for the investment banking operation - Gartmore, Hambro Magan and Gleacher in the US. In capital terms, the amount NatWest raised selling off its remaining stake in 31 paid for provisions for branch closures in its main UK retail banking operation. The cost of dividends and share repurchases was roughly balanced by retained profits from continuing operations.

The net effect of all this toing and froing, then, is a surprisingly uncomplex and neutral one. What NatWest made last year, it has now spent in a careful, considered and piecemeal way. The stock market's disappointment with the results yesterday was more a reflection of the lack of any proposals for a renewed share buy-back programme than any immediate concern with underlying performance.

There are, however, some worrying clouds on the horizon. One of the outward manifestations is the continuing high cost, relative to revenue, of investment in information technology. While this is an essential ingredient of modern banking, it highlights an obvious weakness in NatWest's long-term strategy. Once upon a time NatWest was the largest of the big four clearing banks in terms of market capitalisation. But from the Blue Arrow scandal in the 1980s onwards, its approach has been a highly cautious and conservative one, and it now finds itself number four in the hierarchy by quite a long way.

Lloyds TSB is now about double the size. NatWest will also be dwarfed by the Halifax when it is floated later this year.

NatWest's reluctance to grasp the nettle and make a quantum leap may prove to have been the wrong approach. The danger for NatWest is that as a middle ranking player, both in retail financial services and investment banking, it will find itself progressively squeezed, neither small enough to thrive in specialist niche markets, nor big enough to compete with the lead players at the commodity end of these businesses.

Greenspan should try some plain speaking

Alan Greenspan, the most powerful man in financial markets, is likely to be a shade more explicit than usual when he starts his twice-yearly Congressional testimony today - the so-called Humphrey Hawkins testimony. The man who once complained that if his meaning was clear, he must have been misunderstood, has a clear enough message to get across this time round.

At a minimum, Mr Greenspan is likely to repeat his Christmas warning about the "irrational exuberance" of US stock markets. After a small hiccup, the Dow swallowed this criticism and has climbed another 11 per cent in just over two months. If it kept up the same pace, it would be approaching the 12,000 level by next December. The Fed chairman

is not going to sit back and let that kind of bubble develop unhindered. He will want to fire another warning shot, flagging up the prospect of an increase in interest rates.

The Fed already has a bias towards tightening. Its last published minutes stressed the need for a swift reaction to the first hint of inflationary pressure to counter any tendency for "higher inflation expectations to be embedded in financial markets".

What has happened since then is an unmistakable upward creep in labour costs. Both wages and, even more so, benefits, have been rising for about a year. The pace has accelerated during the past three months. Other indicators, such as monetary growth, are also flashing amber. So even without the irrational exuberance of stock prices, the chairman of the Fed has quite enough ammunition to justify a rate rise in the near future.

If the stock market reacts to this week's testimony with a sizeable correction, it could postpone the day of reckoning. For it is in the price of shares and other assets that the inflationary froth is most evident. If not, there is an odds-on chance of a rise in US interest rates next month. In his testimony last summer Mr Greenspan said: "I am trying to think of a way to answer that question by putting more words into fewer ideas than I usually do." You have to think about that one, don't you? This time round Mr Greenspan would be well advised to forget his fondness for the Delphic and deliver an unambiguous message to markets: read his lips.

GRE earmarks £1.25bn to spend on acquisitions

Peter Rodgers
Financial Editor

Guardian Royal Exchange may spend up to £1.25bn on acquisitions, John Robins, the chief executive, said yesterday.

Rejecting pressure from City institutions for a share buy-back or special dividend to distribute some of the insurer's cash to investors, Mr Robins made clear he had plenty of other ideas for the money.

However, his later remarks about acquisitions depressed the shares, which had earlier risen to 295p after the publication of 1996 profits at the top end of predictions. They closed 4.5p down at 283.5p.

Analysts blamed the fall on

the prospect of GRE buying a life insurance business which would require goodwill write-offs. Others said investors were worried about the length of Mr Robins' list of acquisitions and the risk of overpayment.

Mr Robins said that in the US, GRE had investigated four propositions in the last 12 months, but none had met its requirements for return on capital. Two possible purchases are now under examination, in the £250m to £500m range.

Another area was life and health insurance in the UK, where a range of investments from £500m to £1bn was being studied. "We aren't prepared to overpay," Mr Robins said. Scottish Amicable, which is now be-

ing auctioned off, is outside GRE's price range.

Finally, GRE is interested in buying direct telephone selling operations, several of which are on the market, to add to its own rapidly growing business.

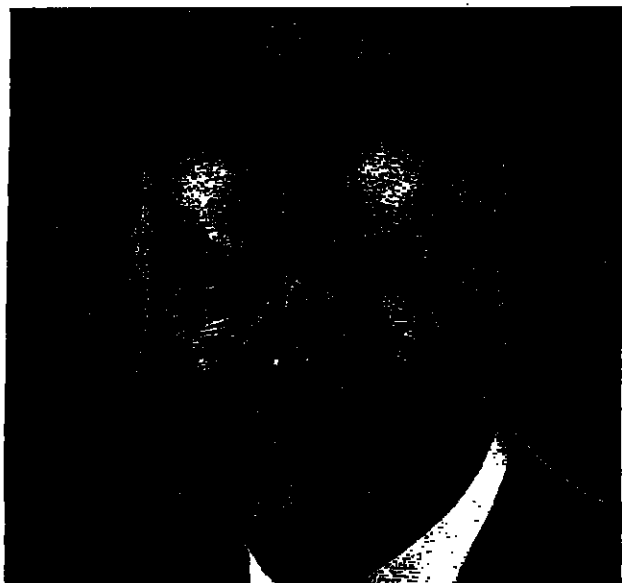
Mr Robins said: "Any small direct writer with fewer than 250,000 policies is not going to survive. They can't afford the information technology investment and particularly the advertising spend. You have to spend a lot of money to get the telephone ringing."

GRE could raise cash of £500m, is unencumbered, and could borrow £750m. It would be prepared to spend £750m to £1.25bn on acquisitions, said Mr Robins, who added that it might decide to restrict its purchases to just one of the areas he had listed.

GRE expects UK motor premiums to rise by 8 to 10 per cent on average in 1997, following an increase of 3 to 4 per cent in 1996, according to John Sinclair, executive director for the UK and Ireland.

Group trading profit before restructuring costs of £39m was £281m, compared with £340m a year ago. Realised and unrealised investment gains were £409m against £472m a year earlier, giving pre-tax profits of £651m against £812m. The dividend was raised 11.1 per cent to 10p a share. Net asset value was 281p a share.

GRE is the only large insurer to include all investment gains and losses in its pre-tax results, but is confident others will come into line for their 1997 accounts.



Big spender: John Robins is considering a life insurance buy

The Securities and Futures Authority, the City regulator, has suspended James Bax, a former Barings director, from its register of directors until the end of the year and ordered him to pay costs of £10,000, writes Jill Treanor.

The move against Mr Bax, who was based in Singapore, is the last of the SFA's disciplinary proceedings against former

SFA suspends Bax until 1998

Barings directors, although some appeals are outstanding.

The SFA said Mr Bax admitted that he had failed to request the authority to remedy weakness in the organisation of Barings Futures Singapore or draw sufficient at-

tention of senior management to these matters.

He also admitted he did not deal with the "SLK receivable" transaction with sufficient promptness and firmness. The SLK was an unreconciled amount of \$7.778bn (£50m)

identified by auditors of Barings (Futures) Singapore in January 1995 and reported to Mr Bax on 1 February 1995.

However, the SFA said it had taken into account the fact that Mr Bax did not appreciate the significance of the transaction.

He had no product responsibility for the proprietary trading activities of Nick Leeson, the trader who stacked up the \$800m of losses that broke Barings in 1995, the SFA said, nor did he have any knowledge of futures and options.

Richards Butler, the law firm acting for Mr Bax, said he denied any liability in the SFA proceedings.

Ronson continues comeback

John Willcock

Gerald Ronson continued his progress back to the big time yesterday, unveiling a £135m development programme of leisure centres on the Continent, his second big property launch in a week.

Mr Ronson believes that while the UK leisure market is approaching saturation, there are big opportunities across the Channel. Heron is to develop a 250,000 sq ft leisure and retail scheme in Madrid, two sites in Paris and two in the north of France, each approximately 200,000 sq ft in size.

The Madrid project typifies what Mr Ronson anticipates will be "a series of branded parks across Europe, working with the highest quality operators". It will include a large multiplex cinema, six restaurants, a bowling centre, a family entertainment complex, a bingo hall and shops.

This new phase in Heron's life marks a significant comeback after the post-Eighties property crash. Nearly 80 banks were forced to write off around £1bn in debts.

Mr Ronson himself had a spell in Ford Open Prison because of his involvement in the Guinness Affair. But crucially the banks decided to stand by him.

Forest's new owners to float within months

Nigel Cope

The new owners of Nottingham Forest plan to float the football club "in the next few months" with a valuation at the top end of the £30m-£50m bracket.

The comments came yesterday from Nigel Wray, the chairman of the Trocadero and Burford property groups, whose consortium won control of Forest in a £19.5m deal on Monday night.

He said accountants KPMG were already at the club preparing Forest's accounts and a finance director was being sought.

Mr Wray, who also owns the Saracens rugby club, said he would only be a non-executive director of Forest. Existing chairman Irving Korn will remain in post while Phil Soar, the former Blenheim Exhibitions chief executive will become chief executive. Irving Scholar, the former Tottenham Hotspur chairman, will not be a director but will act as an adviser on football matters.

Mr Wray said he had no current plans to expand Forest into rugby or other leisure areas. "The priority is to stay in the Premier League and move our way up."

Under the structure of the

Forest deal, Mr Wray will be the largest single shareholder in the club with a stake of 27.4 per cent. Irving Scholar will have 16.2 per cent. Julian Markham, chairman of the Glangate property group, will have 14.6 per cent, and Nick Leslau, Mr Wray's key business partner and chief executive of both Trocadero and Burford, will hold 10 per cent. Singer & Friedlander, the merchant bank holds 10 per cent and the Football Fund, a football investment trust launched earlier this month by Singer & Friedlander, has just under 5 per cent. Phil Soar will have 1.8 per cent.

Mr Wray, who admits he is more of a rugby man and a lapsed Tottenham Hotspur supporter, said he had been attracted to the Forest deal by the underlying value of the club. He pointed to its solid support, which includes 18,000 season ticket holders. "It is a club with a good solid base," he said.

He said he had not spoken to Forest manager Stuart Pearce ahead of the deal as he had not thought it appropriate.

The victory of the consortium ended a six-month battle for control of the club.

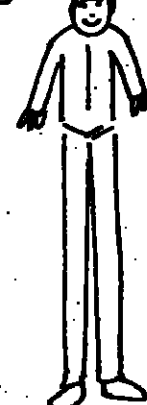
Sport, page 28

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business

Worrying flights of fancy on display at Guardian Royal

John Robins, chief executive of Guardian Royal Exchange, disappointed investors yesterday by rejecting pressure from the City for a share buy-back or special dividend. But he also gave them something more worrying to chew on when he claimed he had lots of ideas for spending the company's cash pile on acquisitions.

Indeed, he went as far as giving a list of target areas, which included a market that normally prefers cash in the hand to the flights of fancy by their corporate leaders. So the shares slipped 4.5p to 283.5p yesterday despite results at the top end of predictions.

Mr Robins is looking at life and health insurance and direct sales operations in the UK and is toying with a couple of possible acquisitions in the US. The share price reaction was the clearest demonstration of the nagging worries the City still has about GRE, especially if it buys a life business, which would require a goodwill write-off. It does not trust the company with a blank cheque for up to £1.25bn, the outlay the company could afford from its own resources. This includes £500m of cash and £750m in net debt which could be loaded onto an unguaranteed balance sheet.

A fresh management and a determined and largely successful attempt in the last few years to catch up with the techniques of the late 20th century insurance industry, including direct selling, has not entirely overcome the memory of the dud acquisitions of the late 1980s. GRE lost a packet in Italy and overpaid for a takeover in Ireland.

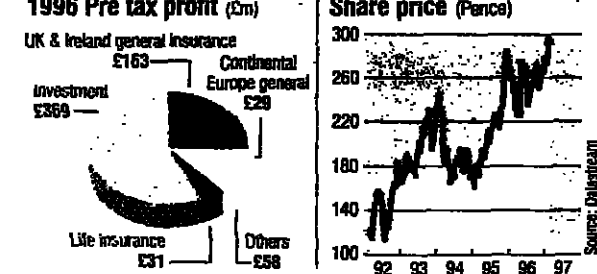
Restructuring, which cost £39m last year, has produced a streamlined UK business from a hodge-podge of companies, including the recently acquired general insurance business of Legal & General. Mr Robins described this as an internal merger, whose benefits would pay for the restructuring cost within two years.

Trading profits – excluding restructuring charges and the volatile investment returns, which are the other component of pre-tax profits – sank to £281m from £340m a year earlier. But this was expected, after a year of price wars in a downward-turning insurance cycle. The embedded value of the life business, published for the first time, came in near the top of forecasts at £302m.

Guardian Royal Exchange: At a glance

Five-Year record	92	93	94	95	96
Premiums written	3,004	3,300	3,703	3,776	3,732
Pre-tax profits (£m)	150	751	(75)	812	651
Earnings per share (pence)	13.2	74.5	(14)	77	48.7
Dividends per share (pence)	7	7.6	8.25	9	10

*Includes investment gains



Docks dispute cost Mersey £800,000

Chris Godsmark
Business Correspondent

The long-running dispute between 350 dismissed dockers and Mersey Docks and Harbour Company cost the group £800,000 last year, it was revealed yesterday.

However, Trevor Furlong, Mersey's chief executive, said discussions were continuing which could lead to a settlement, some 18 months after the industrial action began. The Transport and General Workers Union, which is not officially supporting the dispute, is trying to broker a deal where the dockers would set up a company to supply services to the Port.

Mr Furlong said he was optimistic about talks scheduled for next week. "The terms are there, but we've got to develop it. We still come back to the basic question, which is why the dockers won't hold a secret ballot. We believe a majority would vote to end the action."

In a postal ballot last July the

dockers, who were dismissed for refusing to cross a picket line, rejected an offer to reinstate 40 jobs, with pay-offs of £25,000 for the rest. The new offer adds another £3,000 to the settlement.

Jimmy Nolan, chairman of the Merseydock Port Shop Stewards, welcomed Mr Furlong's comments, but said: "We see no logic in having another postal ballot. We wish to be reinstated and we've said that all along. We've had a show of hands on this." But Mr Nolan said the company had to end its relationship with a local employment agency that had recruited replacement staff and must negotiate work exclusively with the dockers' company.

Mersey Docks yesterday announced a 16.5 per cent rise in operating profits for last year to £43.8m. However, headline pre-tax profits fell from £31.7m to £29.7m after the £9m cost of closing the loss-making Eurolink Ferries operation. The group also said it intended to raise investment this year to £48m, after spending £20m in 1996.

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Assuming a 10 per cent rise in this year's dividend to 11p, the forward yield of 4.8 per cent puts the shares on around a 15 per cent premium to the sector. Even so, and despite their sharp recent rise, they still trade at a discount to net asset value of about 8 per cent, against a premium of around 10 per cent for most insurers. This may reflect the residual suspicion surrounding the company and the absence of any obvious bidders.

For those prepared to forget the past, the shares do not look expensive. But at this stage of the insurance cycle they are no more than a hold.

EMI seeking added Spice

The only consolation for holders of EMI shares is that they have not done as badly as those of Thorn in the wake of the long-heralded split of Thorn EMI into its separate music and rental businesses last August. That divorce has proved a pretty poor investment of lavish advisers' fees, with EMI having lost over a quarter of its value against the market since then and Thorn plunging by a massive 57 per cent against the FTSE all-share index.

On the face of it, yesterday's figures from EMI, showing profits slashed from £373m to £326m in the nine months to December, justified the market's jaundiced reaction. Last year was not a good one to be in the records business.

The pound's strength shaved £16m from an operating profit that sank from £332m to £306m and the company warned the full-year effect could be nearer £25m. Meanwhile, after an exceptional period for new record releases in the third quarter of 1995, this year the bonanza has been deferred to the final quarter. But EMI is not short of talent, led by the ubiquitous Spice Girls, who are ready to seriously rival the Beatles, with 7 million album sales to their name so far and singles hits in 32 countries. Not to be outdone, the Beatles three-volume anthology has sold 13 million double albums. The full year will include releases from

Blur and Mansun, who have already come straight in at number one in the UK.

The third-quarter problems were well telegraphed to the market and are containable. Analysts reckon the currency hit next year will be below £20m, for instance. More serious is the continuing dire state of US music retailing, which has suffered from over-expansion and cut-throat competition. EMI has provided over \$8m for the move into Chapter 11 of Camelot, one of the chains, and if Musicland, the US equivalent of Our Price, follows suit, the hit could be upwards of £10m.

In the long run, the market for recorded music may resume the 7 per cent or more growth typical of a few years ago, while penetration of CDs in western markets is still below 50 per cent. But underlying profits of £380m for the full year would put the shares, up 4.5p at £11.975, on a forward multiple of 23. High enough.

Wimpey builds on swap

Exchanging its minerals and construction business for Tarmac's McLean Homes 12 months ago has proved a good swap for George Wimpey. Operating profits rose by 55 per cent to £51.7m in 1996, making it the best year for the housebuilder since 1990. Pre-tax profits doubled to £31.5m and McLean is already making 14 per cent on capital employed, replacing the 5 per cent achieved on the business off-loaded. Earnings per share of 5.8p cover the unchanged dividend of 5.5p, the first time for two years, while gearing only rose from 33 to 39 per cent, and is on the way down again.

Despite the good news, 1996 was only an average year. Selling prices rose as a result of an improvement in product mix. UK house completions actually fell 11 per cent. Chairman and chief executive Joe Dwyer admits Wimpey's own product mix has been looking rather tired. The drop in government funding cut social housing completions by a third. McLean Homes, which concentrates on four-bedroom detached homes, dipped only 3 per cent in spite of Wimpey stopping the McLean custom of cutting prices to push through completions just before the year-end. Meanwhile, Morrison Homes in the US remains in the red and profits on sales of surplus assets were absorbed by restructuring costs.

The current upturn in the housing market is strongest inside the M25 where Wimpey is weakest. Overall, it is not expected to raise the number of completions this year, although Mr Dwyer thinks prices might rise by 5 per cent. Profit estimates for this year range from £40m to £60m. Much will depend on progress in selling off a further £88m worth of surplus assets, how well the updated styles sell, and how long the housing recovery lasts. The shares, down 1.5p at 140p, sell on around 15 times future earnings. Hold.

Sell-offs boost profits at Scottish Television

Clifford German

Exceptional gains of £33.2m from disposals helped Scottish Television achieve record profits of £61.2m last year. The acquisition of Caledonian Publishing has also provided the group with a broader operating base and made a significant contribution to profits.

The group plans to change its name later this year to reflect the move towards a multimedia company, executive chairman Gus Macdonald said yesterday. The recent sale of the 20 per cent stake in HTV acquired from Flextech in 1995 to United News & Media was part of a programme of selling off low-yielding investments to help finance the £120m paid for Caledonian. The disposal realised £73.7m and created an exceptional gain of £37.3m. United also bought Scottish TV's 5 per cent stake in ITN, which yielded a further exceptional profit of £3.9m.

Question the world is dyeing to ask Branson

PEOPLE & BUSINESS

Forget the Spice Girls, the hottest topic of conversation at the Brit Awards on Monday night was – does Richard Branson dye his hair? The grey strands seem to be disappearing from the Virgin boss's mane of sandy hair with the speed of one of his hot-air balloon descents.

Virgin's press office was completely stumped by the question yesterday. "I don't really know what to say," said a spokesperson.

So – does he or doesn't he?

Guardian Direct has invited a lucky colleague of mine to a health farm for the "relaxation treatment of your choice".

This intriguing inducement is being offered as part of Guardian's launch of a new private medical insurance product, to be sold over the phone, on 3 March.

The "relaxations" will take place at the Espee Club, Royal Mint Court next to the Tower of London. The fortunate journo will spend a day using the gym, sauna, jacuzzi and "entry to fitness classes".

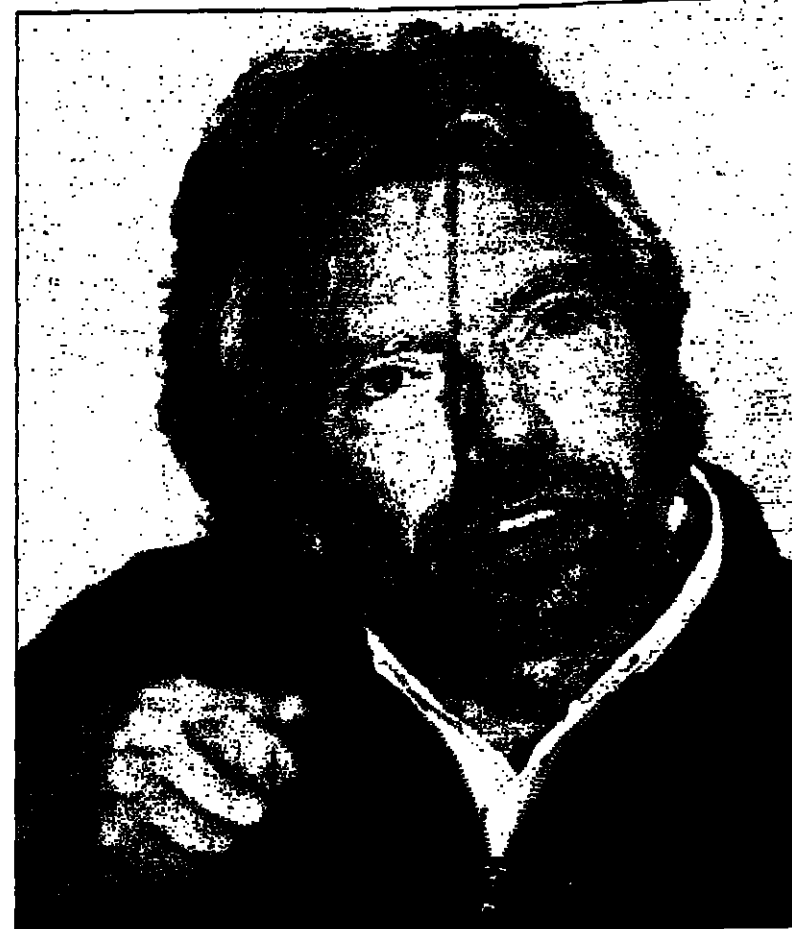
"We can also arrange for you to have a relaxation treatment of your choice after the briefing," Lordy. I trust my colleague will keep his Y-fronts firmly on.

Everyone knows you're not supposed to beat your client at golf. Alex Snow, part of the broking team at BZW which deals with Nigel Wray's Trocadero, took no notice of this over the weekend, however, when he played rugby for Harlequins.

Quins handed out a thrashing to Saracens, the Enfield-based rugby club which was bought last year by none other than Mr Wray.

Unabashed, Mr Snow popped up at yesterday's Trocadero results meeting. Perhaps Mr Wray should sign him up. Then the tycoon could get broking advice and sporting glory in one package.

No doubt those high-powered corporate financiers at Hambro Magan feared they would be moved from



Hair today: Is Richard Branson more colourful than ever?

their smart town house in Queen Anne's Gate into NatWest Market's Lubyanka-like City head office in Bishopsgate after the recent takeover.

However, NatWest Market's chief executive, Martin Owen, has found them a "miniature Kew Gardens" to work in, slap bang in the heart of the City.

Mr Owen decided that the new place should take him no longer than

five minutes to walk to from his own office in Bishopsgate, and he came up with *bijoux* Crosby Court. Now he can drop in on George Magan and the chaps without breaking sweat.

Yesterday niche merchant bank Guinness Mahon celebrated both the past and the future. A raft of senior bank directors attended the opening of the Denis Mahon Collection of Italian

Baroque paintings at the National Gallery.

Sir Denis, a scion of the banking family which originally hailed from Cork, formed his collection of 17th and 18th century paintings earlier in the century when the art establishment turned its nose up at the style. A good example of counter-cyclical investment, perhaps.

Also yesterday, Guinness Mahon formally launched its bid for an Arts Council of England film production franchise. The bank is part of Partners in Film, a consortium of four film finance and distribution companies. Partners in Film has formed a joint venture with Elton John's Rocket Pictures, EMI Music Publishing, HTV and Yorkshire Tynes-Tees TV, to bid for the franchise.

It certainly represents a step up from Guinness Mahon's financing of Sooty and Sweep.

Stand by for the UK's first offer of shares over the Internet. Darryl Mattocks, 32, founded the Internet Bookshop five years ago and needs £1m to expand the company, which has its name suggests flogs books over the Net. The placing and public offering via brokers Shaw & Co will take the company's market cap to £3.3m.

Mr Mattocks is refreshing proof that the US doesn't have a monopoly on computer nerds made good. He designed his first computer game at the age of 15 and then moved on to design systems for SG Warburg and National Westminster Bank.

Not that it's all spotty youths in baseball caps. Chairman Simon Preston has over 35 years' management experience and has already built and sold one private computer company.

The Internet Bookshop claims to be the UK's "clear market leader" in selling books via the Net, with 894,000 titles on offer. The holding company for the float is called bookshop.co.uk plc. As a sweetener, investors get a 10 per cent discount on books they buy through the company.

John Willcock

Shire buys US drugs delivery firm for £105m

Magnus Grimond

Shire Pharmaceuticals, the small group floated a year ago, is to increase its size by more than two-thirds following a deal to pay up to £170m (£105m) for Pharmavee, a US drugs delivery company based in Maryland.

The news came as Core Growth, a company specialising in sustained release drug delivery products, announced that its £7m stock market flotation had been "heavily oversubscribed" at 250p a share.

To part finance the Pharmavee deal and other acquisitions being contemplated, Shire is raising £1.5m by way of a one-for-ten placing and offer at 214p a share. The group is also understood to be in negotiations for the purchase of a unnamed company in Europe and a product range in the UK for total of £14m.

Despite the flood of new equity, the share price dropped just 3.5p to 234p yesterday as analysts welcomed the deal and news of lower than expected losses of £105,000 in the latest six months. Dr Rolf Stahl, Shire's chief executive, said it had effectively achieved break-even in six months, rather than the 12 months forecast by the market.

Pharmavee gives Shire another pipeline to 30. The US group has created a high-throughput method of screening how well particular drug formulations penetrate human cells in the laboratory. It is ap-

plying the results in 11 projects to develop technologies for the delivery and release of drugs more effectively into the body.

The lead product is Calcitonin, a controlled release form of calcitonin, a drug used in the treatment of osteoporosis. Calcitonin, which is licensed to Athena, part of the Irish drugs delivery group Elan, could be launched later this year. If successful, it would compete directly with Novartis' Targretol drug, which had sales of \$340m in 1994.

Another product under development is a more efficient version of Glaxo Wellcome's Zovirax anti-herpes drug. But the bigger potential could come from an oral form of Calcitonin, used for the treatment of brittle bones, which could attack a world market currently put at \$5bn.

Separately, Oxford Molecular, a biotechnology group, announced that it was investing £500,000 in Cambridge Combinatorial, a new drug research company run by Allan Marchington, the brother of Oxford's chief executive Tony Marchington.

Oxford will take a 20 per cent stake in Cambridge. The new company plans to use combinatorial chemistry to supply potential drug prospects to other drug and biotech groups. It claims it will have an edge on similar companies by providing a narrower range of compounds for screening as new drug prospects.

Sema set for a year of bedding down

Nigel Cope

Sema Group, the Anglo-French computer services group, said yesterday that 1997 would be a year of consolidation after three acquisitions last year. Sema said that of the new purchases British Rail Business Systems was performing well while Telis, the fixed telephony group should break even in 1997 and move into profit in 1998.

Syntax, the former facilities management arm of Olivetti, is being integrated and made a significant contribution to the 1996 results.

Announcing a 35 per cent in 1996 profits to £50m Pierre Boulet, Sema's chief executive, said that the company would spend the current year bedding down its new deals but added: "Obviously, if there is a good opportunity passing by we will take it."

He added that following the success of the 1996 Atlanta Olympic Games, where Sema was the official information systems supplier, the group is expecting a similar involvement in the Sydney games in 2000. However, he acknowledged that the contract for the World Cup football tournament in France next year had gone to Electronic Data systems of the US.

The company is concentrating on the fast growing Anglo-French information telecoms and business systems markets this year. Though the company is expanding into Germany and the US, Sema plans to focus mainly on organic growth.

Spending on technology has been growing rapidly in telecoms and Sema has signed an agreement with Global One, the alliance of Deutsche Telecom and France Telecom.

Sema, which is quoted in London and Paris, saw profits rise 35 per cent to £50m in the year to 31 December. Sales increased by a similar amount to £927m. Organic growth rose 20 per cent and the order book grew by 66 per cent to £1.25bn. Last year's £99m rights issue – the company's first – has left Sema with net cash of £18m.

Sema's telecoms business grew by 44 per cent and its business systems division, which includes high-margin outsourcing contracts as well as systems integration operations, saw 46 per cent growth.

Sema is hoping for expanding workloads as companies prepare computer systems for European Monetary Union and the "millennium problem" of adapting computers to the year 2000. Sema's shares, which have surged from 532p to 1275p over the past year, closed 11.5p down on the day at 1238.5p.

IN BRIEF

• **Energis**, the telecommunications business owned by National Grid, yesterday slashed its international call prices to business customers by up to a third, in a move that could ignite a price war with British Telecom. Energis introduced a new tariff for business customers who spend about £70 or more per month on calls. Calls to France, Germany and the USA will fall to 10p a minute. Mike Grabiner, Energis chief executive, claimed this made Energis the cheapest mainstream telephones business in the world. He said he intended to raise the group's share of the UK's £1.5bn a year international call market from under 1 per cent to 5 per cent. Energis also insisted it could make a profit on the new tariff.

• **Birmingham Midshires Building Society** reported an increase in taxable profits from £63.9m to £70.7m for 1996. Mike Jackson, chief executive, said the society "does not feel itself under any pressure to link with another organisation simply because other societies have decided to do so". He said the society "continues to research all the options so as to ensure that it is fulfilling its duty to act in the best long-term interests of the society". He said there were plans to extend the product range by launching a credit card, motor and travel insurance products. Separately, the neighbouring Coventry Building Society announced a drop in pre-tax profits from £41.7m to £24.15m due to the "planned narrowing" of the interest margin.

• **Volkswagen**, the German car company, more than doubled net earnings in 1996 to £687m (£251m), from DM336m in the previous year. Turnover climbed by 11 per cent to DM100bn. Sales of cars rose by 10.7 per cent to 3.99 million.

• **Matthew Clark**, the troubled cider producer, has appointed Robert MacNevin as group marketing director with effect from 1 May. Mr MacNevin joins from Guinness Brewing Worldwide, where he is currently marketing and business development director for Europe after four years working as marketing director of Guinness Brewing GB.

• **Penny Hughes** has joined the board of Mirror Group, joint owner of *The Independent*, as a non-executive director. She was president of Coca-Cola Great Britain & Ireland until January 1995. She also holds other non-executive directorships at Next, Berisford and Body shop.

• **French consumer prices** rose 0.3 per cent in January after a 0.2 per cent rise in December. The year-on-year inflation rate was 1.8 per cent in January compared with 1.7 per cent the month before.

• **Neepsend**, the engineering group, warned that pre-tax profits would fall short of market expectations and be lower than the previous year's result of £1.9m. The company blamed the shortfall on a downturn on Ferro Alloys, and delays in the supply of items of investment at Cintride. Neepsend's shares dived from 41.5p to 33.5p.

• **Company cars** continue to be a popular benefit, with many companies increasing the value of vehicles allocated and some decreasing the replacement intervals after a period of tightening up on cost in the wake of the recession, according to the latest company car policy survey by remuneration advisers Monks Partnership. Report editor David Atkins added that tax changes had done little to reduce the attraction of cars, with few drivers tempted to accept a cash allowance instead.

• **Capita**, the outsourcing and support services group, boosted profits in 1996 by 31 per cent to £12.3m. Turnover climbed from £87m to £112m. The total dividend is being raised by 23 per cent to 4.8p, and is accompanied by a two-for-one bonus issue of shares.

Due to an inadvertent error in yesterday's edition the pre-tax profit 1996 for Leeds & Holbeck Building Society was incorrectly stated, and should have read £18.27m.

Company Results	Turnover £	Pre-tax £	EPS	Dividend
Alcatel (F)	30.0m (65.5m)	11.2m (8.5m)	11.8p (10.7p)	2.4p (1.8p)
Almeco Group (F)	84.0m (64.3m)	6.53m (6.75m)	16.75p (1.6p)	2.4p (2.3p)
Charterhouse Telecom (F)	2.21m (1.58m)	0.37m (0.25m)	0.35p (0.14p)	nil
Domestic Energy (F)	0.48m (0.55m)	0.51m (0.31m)	1.1p (7.2p)	nil
EMI Group (F)	2.56m (2.85m)	388m (2.75m)	46.5p (63.3p)	1.1p (7.2p)
Capita Group (F)	112m (87.5m)	12.3m (1.43m)	14.2p (11.6p)	4.8p (3.5p)
Jarvis Int Fringe (F)	nil	1.3m (1.07m)	5.84p (5.49p)	5.5p (5.5p)
Marney Danks & Harcourt (F)	14.0m (13.1m)	39.1m (31.7m)	22.77p (24.48p)	12.75p (11.5p)
M-H Group (F)	18.5m (18.6m)	2.35m (2.17m)	2.9p (2.8p)	1.5p (1.2p)
Neepsend (F)	nil	1.12m (1.78m)	23p (67.8p)	25p (4p)
Polycom France (F)	0.12m (1.1m)	1.07m (1.1m)	7p (1.1p)	nil
Reynolds Group (F)	32.1m (46.0m)	13.7m (2.37m)	23p (2.4p)	2p (2p)
Scottish TV (F)	127m (68.8m)	61.2m (20.2m)	66.5p (27.7p)	16.7p (7p)
Sema Group (F)	927m (678m)	90.0m (38.9m)	30.54p (24.25p)	4p (3p)
Shire Pharmaceuticals (F)	9.88m (12.1m)	0.11m (1.63m)	0.23p (1.6p)	nil
William Sheldrake (F)	22.0m (16.5m)	2.84m (1.78m)	6.5p (8.4p)	2.1p (1.9p)
Trocadero (F)	10.7m (8.9m)	1.25m (1.83m)	0.15p (0.58p)	nil
George Wimpey (F)	1.26m (1.57m)	57.3m (16.6m)	5.94p (1.6p)	6p (5p)

(F) - Final (I) - Interim (M) - Nine months (P) - Pre-tax profits (S) - Six months (T) - Ten months (Y) - Year

Couch's difficult fight for respect

Britain's only woman world boxing champion defends her title on Sunday in New Orleans. Nick Halling met her

The young fighter appears anxious as his trainer laces on the gloves in preparation for a sparring session. He outweights his opponent by a good 40 pounds and has an undeniable edge in strength and power, but knows that he is to receive a daunting test not only of his ability as a boxer, but of his very manhood. He is about to enter the ring with Jane Couch, Britain's only female world boxing champion.

Three rough, hostile, uncompromising rounds later it is all smiles, the two embracing in mutual respect and, from the male perspective, a sense of relief. In preparation for the defence of her Women's International Boxing Federation welterweight title in New Orleans on Sunday, Couch has dispatched a succession of cocksure training partners whose aura of masculine superiority has been rudely shattered by the champion's relentless aggression.

"Some people laugh at women's boxing, but they'd better not laugh at me," the 28-year-old from Fleetwood said. "I've sparred with lads who've had 60 or more fights, and they can't even hurt me. I'd give the

'I was brought up to look after myself and if someone gave you any lip you'd fill 'em in'

average six-round male professional a run for his money, and there aren't many women who can say that."

Couch represents the legitimate face of female pugilism, a woman whose dedication to her craft has meant leaving her Lancashire home for life on a farm in Bristol owned by her trainer, Tex Woodward. Here she is subjected to a spartan regime of conditioning which has transformed her from a crude brawler into a polished boxer.

The discipline does my head in," she complained. "I'm not used to being in bed by 10.30 every night, and doing what I'm told."

It is a far cry from the girl who always seemed to be getting into fights at school, and whose nose for trouble meant that mayhem was never far away.

"I'm not a violent person, but I was brought up to look after myself, and if someone gave you any lip, you'd fill 'em in." One day she saw a television documentary on women boxers, and realised that there was a way of combining business with pleasure.

"I didn't know women could box and to be honest, I thought that if you can fight - which I



Jane Couch: The discipline imposed by her trainer, Tex Woodward, has added craft to her upbringing heart

Photograph: Peter Jay

could - you could just go ahead and do it. I didn't realise you had to train hard and work at it." Couch made her debut in Wigan two years ago, taking particular delight in knocking out a London policewoman inside two rounds. Three further victories followed before she was invited to challenge for the world title in Denmark against the Frenchwoman Sandra Giger last May.

It was grim stuff, Couch, right eye swollen and blackened, ultimately breaking Giger's nose and spirit over 10 gruelling rounds which revealed both her strengths and weaknesses. "Giger was better, stronger and more experienced but couldn't cope with Jane's relentless aggression," Woodward said. "Jane had energy, heart and personality, but couldn't box. However, she

is highly intelligent, and a quick learner. I've tried to show her that there is more to boxing than just whacking somebody, and she's responded."

All of which will be essential if she is to prevail in New Orleans against the vastly experienced Andrea DeShong. Female boxing is acknowledged and accepted in the United States; the rugged Christy Martin is a regular on Don King promotions, and is probably the best-known woman boxer in the world (the Couch camp feigns indifference to the knowledge that DeShong is the only person to have defeated the formidable New Yorker).

As a consequence, American women have greater opportunities to pursue their careers than their counterparts in the United Kingdom, where prej-

udices run deep and the typical reaction to women fighting is one of disdain. "The British have a bad attitude to women in sport generally, not just in boxing," Couch said. "I meet people who criticise female boxing all the time, yet they've never seen it, and aren't aware of the work that goes into it. You'd think that people would be proud of having a world champion, but instead, they're very quick to knock."

Couch believes that greater exposure will help women's boxing achieve a greater degree of respectability in this country. Female fights on male shows are commonplace in the US; success, she says, could lead to the Fleetwood woman being invited on to a major British promotion.

That is also the ambition of another British fighter, who will be

appearing in New Orleans. Having progressed through kung fu and karate, Cheryl Roberts, a 29-year-old mother of two from West Bromwich, is hoping to become the WBF's bantamweight champion. "Winning won't change my life just yet," she said, "but it helps the powers in the UK to include women in their events, then it could be the start of something big."

Big money is likely to elude them for some time. Couch will earn just \$2,000 (£1,265) for defending her title, admitting that a full-time job would provide a more reliable means of making a living. Instead, she supplements meagre earnings with television appearances, her exuberant personality a natural fit for the small screen.

Even in the States, women are now finding their earning

potential being called into question. Martin, the game's most bankable name, was absent from King's last promotion, officially with an injury. However, there have been dark murmurs that she was dropped after demanding a purse of \$100,000.

Couch remains undaunted, confident in her ability to make it both in the ring and as a personality. "I've got to keep the title, because no one will want to know me if I lose," she said.

"But when I first saw that documentary, I promised myself that I'd become a world champion, and be rich and famous. I've got the title and a bit of fame, all I need now is the money."

In a business infamous for the exploitation of its participants, that might turn out to be the toughest fight of all.

Mullally's finest catch of the tour

Cricket

Alan Mullally had a day to remember in New Zealand yesterday, although it had nothing to do with batting or bowling. Fishing off the coast at Napier, where England were preparing to play New Zealand in today's third one-day international, the Leicestershire fast bowler caught a 60lb Mako shark after a 45-minute struggle.

The shark was taken back to the England hotel in Napier, destined for the team barbecue, together with about 40 crayfish also taken during the trip.

On dry land in South Africa, Australia completed their build-up to the first Test with a fifth consecutive victory yesterday. The tourists cruised to a 79-run victory against a Transvaal Invitation XI in Soweto, scoring 261 for 7 in their 45 overs and dismissing the local side for 182.

The game was over as a contest by the 10th over of Transvaal's reply when the Pothas was caught off Andrew Bichel without scoring, reducing his side to 29 for 5.

There were only two stands of substance for the home side - first between the Transvaal all-rounder, Andrew Hall, and a Johannesburg schoolboy, Solly Ndima. They put on 53 for the sixth wicket, Ndima making 35 from 41 balls with six boundaries before having his middle stump removed by Greg Blewett.

The Transvaal captain, Clive Eksteen, made 42 from 64 balls and added 54 for the ninth wicket with Wayne Kidwell, who finished 30 not out.

Earlier, Justin Langer (63) and Matthew Elliott (69) had laid the foundation for Australia's challenging total by putting on 117 for the second wicket and the tempo was lifted when Michael Bevan (49) and Matthew Hayden (47) smashed 98 for the fourth wicket in 11 overs.

Australia have now won all five games before the first of three Tests against South Africa, which starts in Johannesburg on Friday.



FOOTBALL

CALCULATED ON MATCHES PLAYED FROM 17 AUGUST - 9 FEBRUARY

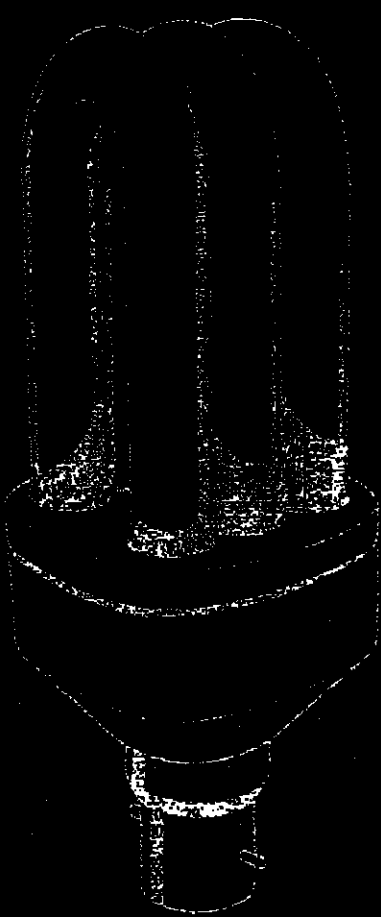
POS	NAME	TEAM	POINTS
1	MR WILLIAM BARR	KRUGER FC	698
2	MR GARETH MCCULLEN	GARFIELD BOYS SECOND	693
3	MR PETER FRANKENTAL	ARLENSIU	692
4	MR S KING	CRUISING ALEXANDRA	688
5	MR SIMON DRAPER	PLATE FC	684
6	MR BILL COOPER	YEP HOP 2000	681
7	MR NICK KNIGHT	KNIGHT'S NANA HEAD	676
8	MR J GODWIN	NORWOOD	676
9	MR A MORGAN	INFERNAL BATES	674
10	DR STEPHEN MATTHEWS	EDNA	672
11	MR DARREN NICHOLAS	EDNA	672
12	DR TOM BOYLE	LAST GASP GULLIT	672
13	MR PAUL RICHARDSON	CINCINATI STORM	672
14	MR SEAN BROGAN	OASIS	670
15	MR WOODHOUSE	LEE BURNS CHEST	670
16	MR ANDREW GODDEN	FC ALZEY	669
17	MR P HENNINGSON	LITTLE-UNS	667
18	MR R RENNICK	WILD ROVERS	665
19	MR ANDY SWANNEY	DOG'S BRICK	664
20	MR GARETH HARDY	YOUNG BOYS BARNLEY	664
21	MR O J JOHNSON	THE AWAY WINNERS	663
22	MR C NOBLE	TOLET	662
23	MR JOE GOODING	TEAM SQUIDLIPS	661
24	MR STEVEN HART	KEE'S COWBOYS	660
25	MR DAVID ASHTON	THE LODGERS	660
26	MR J JOLLEY	IR-BO'S	660

SCORING SYSTEM

4 points for a goal ■ 4 points for a goalkeeper/defender clean sheet ■ 3 points for a successful assist ■ 1 point when a player is selected and plays ■ 1 point for a winning goal ■ 3 points for a manager win, 1 point for a draw ■ Lose 1 point for a yellow card ■ Lose 3 points for a red card

B - Before transfer period
A - After transfer period

OVERALL SCORE CALCULATED ON MATCHES PLAYED FROM 17 AUGUST - 23 FEBRUARY WEEK 28 SCORE CALCULATED ON MATCHES PLAYED FROM 17 FEBRUARY - 23 FEBRUARY



PHILIPS
Energy Saver
LIGHT BULBS

Mullally's finest catch of the tour

Cricket

Alan Mullally had a day to remember in New Zealand yesterday, with a fine catch of the tour. The 35-year-old Mullally, who is a former international cricketer, was playing for the New Zealand team. He was out for 35 runs, having scored 100 in the first Test. Mullally was a key player for New Zealand, and his performance was a highlight of the tour. He was praised by his teammates and the crowd for his batting and fielding. Mullally's catch was a crucial one, as it helped New Zealand to secure a victory over their opponents. The catch was made in the final over of the match, and it was a moment of great tension. Mullally's catch was a testament to his skill and experience, and it was a moment that will be remembered for years to come.

Prendergast sure about Supposin

Richard Edmondson on Ireland's chief challenger for the Champion Hurdle

It has been a frequent scene in Irish fields in recent years. A well-dressed pair of English owner and trainer has bought a horse for a six-figure sum from a relatively scruffy local chaps in a turned-down Wellington. The people on one side of this bargain are, by great apportionment, reputed to be daft and easy to fool. A dispassionate observer of these outdoor transactions might find it a little more difficult to find that. Nicholas Cooper can certainly be considered no dolt as he has built up a serious fortune in business, but he had to lay out a goodly slice of his profits last month on an Irish novice hurdler called Im Supposin, who had run just once over timber. The portents though are good that this money will not be chasing the poorly-specified rest of it as it cascades down the grid. On his second outing, Im Supposin walked away from Fingern's Hollow at Naas and that runner-up then all but beat the highly-rated Istabrag at Leopardstown. Im Supposin may now have posted just two runs over hurdles in his life, but his form and promise mean this useful former-Flat performer is a 7-1 chance with Coral for the Champion Hurdle itself. Im Supposin will not need a return portion on his ticket to Prestbury Park. Win, lose or draw he will be transferred from his current digs with Kevin Prendergast in Kildare to Cooper's favoured trainer in Britain, the Sussex-based Richard Rowe. It will be an unusual journey to one of Britain's brightest freeman talents from one of Ireland's most venerated racing families. Kevin Prendergast, who will be 65 this year, is the son of the legendary P J Prendergast, and



Sound Man: misses Queen Mother Champion Chase Photograph: Phil Smith/Sporting Life

Shoemaker sues hospital for \$50m

Bill Shoemaker, the world's most successful jockey, has filed a \$50m (£31.4m) negligence suit against a hospital and eight doctors who treated him after a car crash in 1991 which left him a quadriplegic. Shoemaker, 65, claims that his injuries were ignored by the doctors in the hours after the crash, when he lost control of his vehicle which tumbled over an embankment in San Dimas. Shoemaker had a blood-alcohol level of 0.13% at the time of the crash, according to the California Highway Patrol. The legal limit to drive in California is 0.08%, but he was not prosecuted for drink driving as no one else was hurt and because of the severity of his injuries.

Maguire kicked out of Festival

Adrian Maguire is to miss his third Cheltenham Festival in a row after breaking his right arm at Leicester yesterday. Maguire was kicked on the ground after taking a fall from Ruwonds Valley in the novices' chase. The three-day Festival begins a week on Tuesday.

Maguire's wife, Sabrina, confirmed the extent of his injuries: "He has broken his humerus, the bone between his shoulder and elbow. It is a clean break, but he is in a lot of pain." Maguire was ruled out of last year's Festival after breaking his collar-bone in a fall, while 12 months previously the death of his mother, Phyllis, forced the jockey to miss the meeting. On Saturday Maguire needed a five-stimer at Kempton which included successes on the Cheltenham-bound quartet of Sammartino, Viking Flagship, L'Opera and Pharcarran for David Nicholson, who retains him as stable jockey. On the same Kempton card, Richard Dunwoody's participation at the Festival was also threatened by a fall in which he broke his sternum. He is, however, optimistic that he will be fit for the meeting. Also out of the Festival is Sound Man, who will miss the Queen Mother's Champion Chase in which he was a beaten favourite last year. Edward O'Grady, his trainer, said yesterday: "Sound Man was lame on his near-hind after exercise on Sunday morning." Sound Man, who had been quoted as 6-1 for the Cheltenham race by Ladbrokes, was a modest third behind Strong Promise and One Man at Ascot on his latest start. Ladbrokes have cut the price of last year's winner, Kilauna Davis, from 9-4 to 15-8. Queen Mother Champion Chase: Ladbrokes 15-8 (Sound Man 5-1, 5-2 Strong Promise, 10-1 Kilauna Davis, 10-1 Arctic Norman 10-1, 10-1 others).

RESULTS

CATERICK
1.30: 1. CUMBERLAND MAESTRO (J. Wynn) 6-1; 2. GOSPOD 13-1; 3. Fire On 4-1; 4. 24th Feb. 5-1; 5. (L. Eastern) 10-1; 6. 10-1; 7. 10-1; 8. 10-1; 9. 10-1; 10. 10-1; 11. 10-1; 12. 10-1; 13. 10-1; 14. 10-1; 15. 10-1; 16. 10-1; 17. 10-1; 18. 10-1; 19. 10-1; 20. 10-1; 21. 10-1; 22. 10-1; 23. 10-1; 24. 10-1; 25. 10-1; 26. 10-1; 27. 10-1; 28. 10-1; 29. 10-1; 30. 10-1; 31. 10-1; 32. 10-1; 33. 10-1; 34. 10-1; 35. 10-1; 36. 10-1; 37. 10-1; 38. 10-1; 39. 10-1; 40. 10-1; 41. 10-1; 42. 10-1; 43. 10-1; 44. 10-1; 45. 10-1; 46. 10-1; 47. 10-1; 48. 10-1; 49. 10-1; 50. 10-1; 51. 10-1; 52. 10-1; 53. 10-1; 54. 10-1; 55. 10-1; 56. 10-1; 57. 10-1; 58. 10-1; 59. 10-1; 60. 10-1; 61. 10-1; 62. 10-1; 63. 10-1; 64. 10-1; 65. 10-1; 66. 10-1; 67. 10-1; 68. 10-1; 69. 10-1; 70. 10-1; 71. 10-1; 72. 10-1; 73. 10-1; 74. 10-1; 75. 10-1; 76. 10-1; 77. 10-1; 78. 10-1; 79. 10-1; 80. 10-1; 81. 10-1; 82. 10-1; 83. 10-1; 84. 10-1; 85. 10-1; 86. 10-1; 87. 10-1; 88. 10-1; 89. 10-1; 90. 10-1; 91. 10-1; 92. 10-1; 93. 10-1; 94. 10-1; 95. 10-1; 96. 10-1; 97. 10-1; 98. 10-1; 99. 10-1; 100. 10-1; 101. 10-1; 102. 10-1; 103. 10-1; 104. 10-1; 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sport

France do have a structure but it blossoms when they are given room to unleash their instinctive running skills

Half-way through the Five Nations' Championship and things are going swimmingly for England. We have two emphatic wins under our belt and, more especially, we are settling on a style of play which brings out the best in the whole side. All the frustrations from the games before Christmas have been dispelled, replaced by a new-found confidence.

Much has been made of our inability to turn on the "style" until late on in the game. One need look no further than the age of this team to see why. This team is not just young in age,

but also young in time together. Just as any sportsman or team must weight up the opposition, even when they are up, before delivering the killer blow, so it is with this team. At the moment that period of sizing up takes that much longer.

Saturday will be no different, indeed the game will need to be treated with even more circumspection. Scotland and Ireland presented a host of problems to overcome but France will be that much harder. All the planning in the world can never prepare you for the French at their best. Yes, they have some structure to

how they play, but it really blossoms when they are given their head, and the room, to unleash their natural, instinctive running skills.

This has been apparent in passages of play against Ireland and Wales. A clearer example, however, is the much-vaunted performance of Brive against Leicester in the European Cup final last month. The foundations were laid by the pack, but the icing was well and truly added by their backs. Instinctive running, cutting angles on to the ball with pace to burn, a joy to watch if not to play against.



TONY UNDERWOOD

When deprived of the ball, or space, however, the French can blow up. In the semi-final.

Leicester did this to Toulouse and you could quite clearly see all heart and drive go out of the Toulouse players as they became increasingly frustrated.

England's approach in the last decade, therefore, has been to minimise any opportunities for the French to play their natural game. Loose kicks are anathema and the general pace of the game must be slowed down so they cannot enforce their own tempo or movement. This stranglehold extended even to the French psyche, to such an extent that during England's seven years of

dominance between 1968 and 1995 the French had more or less lost the game before they even took to the park. Then came the World Cup third-place play-off in 1995, and last year, France finally beat England on European soil.

After those two victories they will be all the more dangerous, no longer constrained by any mental hang-ups and eager to replicate Brive's impressive win. This will only add to the expectation at Twickenham on Saturday. An unbeaten record has to go and one team's

rebuilding will be stalled, for a fortnight at least.

Our supporters have been fed a glut of tales of late which they had begun to worry wouldn't arrive. They will hope for no less on Saturday and even more so against the French to prove that this English renaissance is no false dawn.

France are a world force and masters of the running game and would be a huge scalp for this young side, especially if victory was achieved with the style of rugby we have shown so far.

Rusedski suffers from his inactivity

Tennis

Greg Rusedski, the British No 2 who has reached the finals of the last two tournaments he has played, was brought back to the game's realities when he was beaten by Sweden's Thomas Johansson in the first round of the Philadelphia Championships in Philadelphia yesterday.

Rusedski, ranked No 35 in the world, came into the match having finished as runner-up to Goran Ivanisevic in Zagreb and Pete Sampras in San Jose. However, because of the wrist injury that forced him to retire during the final against Sampras, he had not played for a week.

The left-handed Rusedski, who was unable to take advantage of five service break point opportunities, was unable to hold his normally potent serve on a slow indoor carpet court.

Johansson, ranked No 65 in the world, was able to convert three of 11 service break chances Rusedski offered - in the ninth game of the first set, and the first and fifth games of the second set.

"This surface is pretty slow which is why I can return his serve here," said Johansson, a baseline specialist. "If Greg is serving well, I'd have no chance to break his serve."

Rusedski was one of four seeded players in action to lose, with only the third-seeded Paul Haarhuis of the Netherlands surviving the first day. Haarhuis, ranked No 25, defeated Jiri Novak of Czech Republic 6-4, 1-6, 6-3.

Jason Stoltenberg, the seventh seed from Australia, playing in only his second event since having surgery on his right forearm in early January, suffered a 6-2, 6-4 loss to a qualifier, Sjeng Schalken of the Netherlands.

In Italy, Goran Ivanisevic, seemingly recovered from tendinitis in the shoulder which forced him out of the ATP tournament in Antwerp last week, began the defence of his Milan indoor title with a 7-6, 6-7, 6-2 victory against the Russian qualifier Andrei Olhovskiy. The Croat took more risks and more time than expected to overcome his 30-year-old opponent. But Ivanisevic served his usual impressive number of aces - 22.

Following a dubious line call and a double-fault in the third game of the second set, which cost him a break, the left-hander became erratic and lost the tie-break 7-2 after a streak of unforced errors. In the third set Ivanisevic broke twice to win the match in an hour and 42 minutes.

Academy shortlist reduced to three

Three contenders emerged yesterday as potential hosts of the proposed British Academy of Sport after a shortlist of 13 was reduced to bids from Sheffield, Upper Heyford and a Central Consortium based on Loughborough and Nottingham.

A final decision is expected by April, but Labour's shadow minister for sport, Tom Pendry, immediately undermined the whole process by saying that, in the event of winning the election, his party could not guarantee to back any selection made.

Pendry accused the minister for sport, John Gummer, of having "ridden roughshod over all sensible opinion", adding: "As Labour has not been involved in the important decisions regarding the Academy, we cannot commit ourselves to supporting a chosen bid. Instead we will instigate a thorough review of all proceedings and decisions involved."

In naming what is effectively the shortlist for the Academy - the original choice of 26 was whittled down by half before Christmas - Sport said the three "impressive" bids left have been chosen after detailed discussion between the United Kingdom Sports Council and the Government.

With remarkable synchronisation, all three bids said they were "absolutely delighted" to have seen off their 10 immediate rivals - Bath, Birmingham, Kent Thameside, Manchester, Merseyside, The Athletics Bid (Herts), De Montfort University (Leics), Houghton Grange (Huntingdon), Sport City Foundation (Kettering) and UK Academy 2000 (East Yorks).

Of the three final contenders, two - the Central Consortium and Sheffield - have large sport-

Mike Rowbottom reports on the front-runners in race for funding

ing facilities already in place, while the Upper Heyford bid, centred on the 140-acre site of the disused US Air Force base in the Cotswolds, and backed by the British Olympic Association, has a huge administrative centre ready made.

The bidding criteria for the Academy included provision for 18 key sports, including football, athletics, cricket, rugby, cycling, hockey and sailing. Up to £100m of lottery money is available for capital costs.

The concept of a central academy to support elite athletes in the 21st century was based on similar facilities already in place in countries such as France, Germany and Australia. But the original notion of a huge central facility has altered over the last year, and one of the Academy's key roles, according to the project co-ordinator, Roger Moreland, will be "monitoring and co-ordinating a system of elite support."

By that measure, the Upper Heyford bid appears well favoured, given the BOA's experience in liaising with individual governing bodies.

Last summer the BOA canvassed 33 governing bodies over their hopes for an academy. "Based on that information," a spokeswoman said: "We have pulled together what we feel is a very, very strong bid. Americans being Americans, they don't do things by halves and the majority of the buildings on site are in superb condition. All sporting facilities will be built as

new." The bid is likely to require between £80m and £90m of lottery money which will be matched by the bidders with £75m and £80m.

Sheffield's bid is likely to require £68m in capital costs. Some £150m has already been spent on facilities such as the Don Valley Athletic Stadium, the Sheffield Arena and Ponds Forge swimming pool. "We believe we have got a head start," their spokesman said.

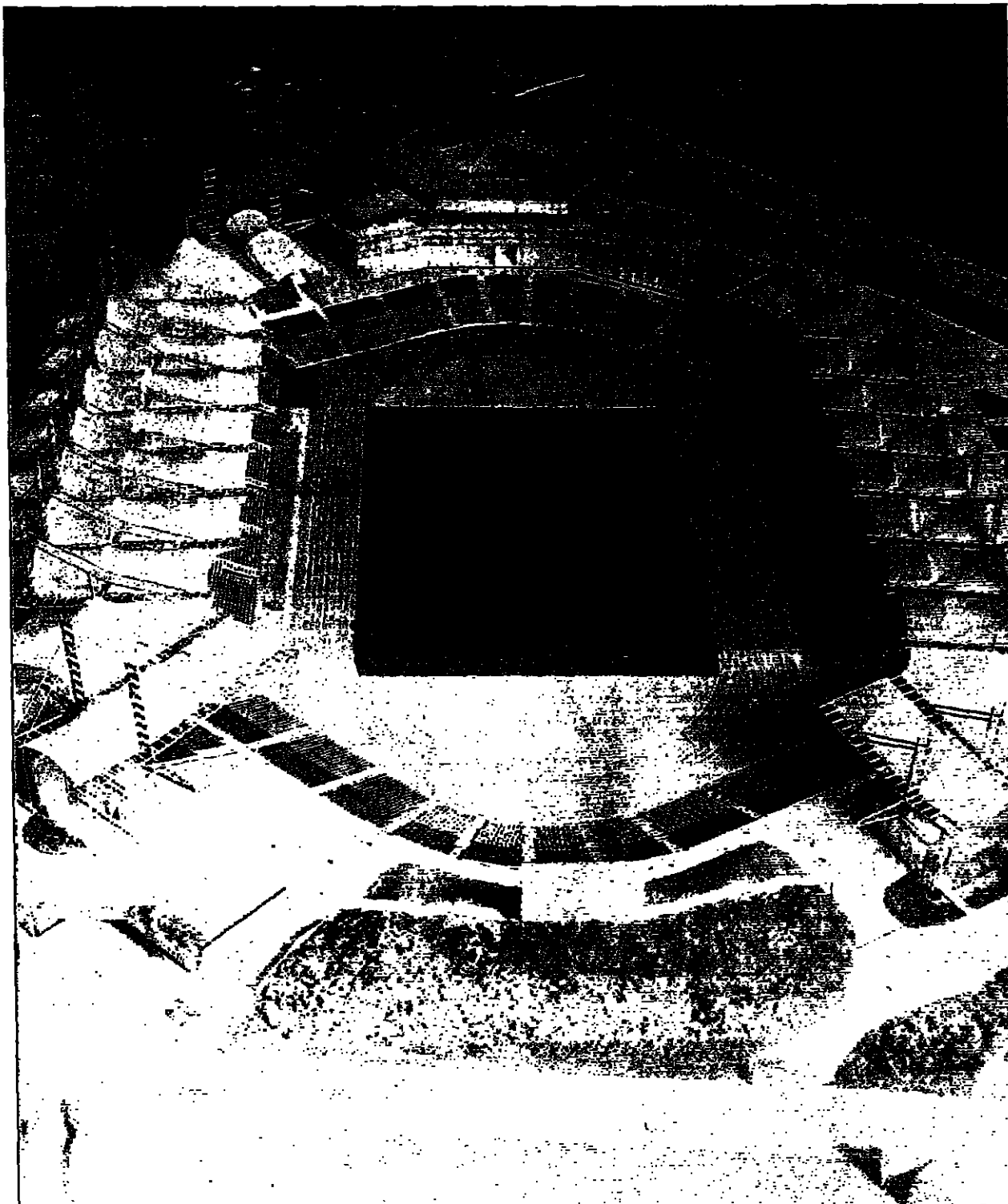
The Sheffield bidders have also been encouraged by the recent award of £12m Sports Council grant - the biggest single grant in its history - towards a national ice centre next to Sheffield Arena.

The Central Consortium are basing their hopes on a bid which draws on established sporting facilities including Loughborough University, the Queen's Medical Centre, the National Sailing and Canoeing centre at Holme Pierrepont, and Lillishall, home to the Football Association school of excellence and British gymnastics.

"We have got existing facilities and expertise," a spokesman said. "But we are not just looking at giving them a lick of paint, we are planning a £150m development."

Once the site of the Academy has been established plans will go ahead to create a network of regional centres and facilities dedicated to specific sports, or elements of athletes' support such as biomechanics.

Those bids, which have missed out on securing the academy, such as Manchester, Birmingham and Sports City Foundation, have been encouraged to tender for one of the smaller centres.



Model arena on the shortlist: How the British Academy of Sport would look at the Don Valley Stadium in Sheffield

Welch offered chance to revive his career

Boxing

Scott Welch will have the chance to put last month's World Boxing Organisation heavyweight title setback behind him this summer.

The Brighton fighter, who hardly got out of first gear before losing on a wide points margin in his challenge for Henry Akinwande's title in Nashville, has been nominated to meet the world-rated Croat Zeljko Mavrovic for the European crown.

Being promoted by Frank Warren under his Sky television deal, Welch is counting on home advantage to secure a victory which could help him right a lot of the wrongs of the Akinwande defeat.

However, the European Boxing Union is not in a hurry to get the fight on. The EBU has called for private negotiations between promoters to be completed by 15 May, but the fight is more likely to go out to purse offers after that deadline.

The German-based Mavrovic, who is trained by the Londoner Darrin Smith, will be looking for a British hat-trick af-

ter his stoppages of Clifton Mitchell and Julius Francis. "I don't really care where it is, but close to home would be nice. I'm at that level now where I've just got to go in there and win," Welch said. "I watched the Francis fight. Mavrovic is unbeaten and I definitely won't make the mistake of underestimating him. But I think it's a fight I can win."

"My credibility has taken a battering after the Akinwande fight and I don't want it to get worse by fighting him. I don't want to get involved in any type; just to go out there and get the right result."

Welch has clearly learned a lesson from the Akinwande fight, in which he waged a war of words, a mind game which was completely out of character and simply did not work. He may take a 10-rounder in early May, and a fight this year against the South African former International Boxing Federation champion, François Botha, has not been ruled out.

Billy Schwer, the former British lightweight champion has been nominated to meet the EBU title holder, Manuel Fernandes, of Spain. Schwer and his

manager, Mickey Duff, were at ringside to see Fernandes stop the French defending champion, Angel Molina, in five rounds in Paris on Saturday.

Schwer has long been waiting for a European title fight, but accepts that it could take six months at least to set up a fight against Fernandes. "I might have a warm-up fight in the meantime, I'm not sure," he said. "Fernandes is a good puncher, is young and has plenty of energy. He stopped Molina, but was out of his feet in the third round. It's just good to get a title chance. It's been a bit frustrating in the last few months."

Jose Bonilla, of Venezuela, easily retained his World Boxing Association flyweight title when he stopped Japan's Hiroki Ioka yesterday. The American referee, Rafael Ramos, stopped the fight after 2min 49sec of the seventh round in Osaka with the challenger helpless against the ropes. Bonilla floored Ioka in the second round to take control of the fight. Bonilla, who took the title from Thailand's San Ploenchit last November, improved his record to 22 wins, including 11 knock-outs, against three losses.

S Africa pick Du Plessis as new coach

Rugby Union

The South African Rugby Football Union has turned to Carol du Plessis to replace the disgraced Andre Markgraaff as Springbok coach.

Described in his playing days as the "prince of wings", Du Plessis, 36, thus becomes the youngest coach in Springbok history. He has the dual responsibility of leading his country through 13 internationals this year, as well as heading some of the game's self-inflicted wounds. Markgraaff resigned last week after a secret tape recording was published of a conversation in which he made racist remarks against black sports officials.

The former Western Province and Springbok winger - unrelated to South Africa's World Cup winning manager Morné du Plessis - retired at the age of 29 as sporting isolation limited his career to just 12 Tests between 1982 and 1989.

Second Division Moseley have signed the winger Gavin Houlston from the South African province Transvaal. Houlston, 32, holds a British passport and will be able to play as an English-qualified player.

Tait returns for Scotland after nine-year absence

Alan Tait will complete his journey from rugby league back to union when he lines up for Scotland against Ireland at Murrayfield on Saturday and returns to the Five Nations' Championship after a nine-year absence.

The 32-year-old Newcastle player wins his ninth cap in the team named yesterday. This follows his inclusion in the provisional Lions squad of 62 for the summer tour of South Africa.

Rob Weir, Tait's captain, said: "Tait does not have to carry the burden of Scottish expectation. 'Tait's experience in league will be important to us,' the Scotland captain said. "But we're not looking for some messiah, as the Welsh possibly viewed their returning league players."

Tait returned to union this season with Newcastle to be nearer to his family in Scotland, a decision which brought to an end a league career in which he was capped 14 times by Great Britain during spells with Widnes and Leeds.

David Johnston, Scotland's backs coach, is optimistic that Tait can lift the Scots following their defeats by Wales and England. "Tait is confident both in

attack and defence. I think he will improve the performance of the side," he said.

"We didn't perform as well as we might have in the last two Test matches. Against England we had a different blend and it simply didn't function. We now believe we have a combination that will perform."

Tait, who won his eight previous caps between 1987 and 1988, will form a new centre partnership with Gregor Townsend. "Hopefully I can help Gregor to perform," Tait said after learning of his selection. The metrical Townsend switches from stand-off to inside centre, the position he occupied against Wales and Italy.

Craig Chalmers regains the No 10 jersey after being dropped for the England game and the other change in the backs is at right wing, where Tony Stanger returns to what many see as his best position in place of Derek Stark after playing centre at Twickenham.

Despite their poor showing against England, the forwards are retained en bloc, although there has been a positional switch in the back row. Scotland's coach, Richie Dixon, felt that the

pack performed more than creditably against England. "Considering they were heavily outweighed, they were solid in the scrums and went well in the line-out. This group definitely deserved another chance," he said.

The positional alteration sees the captain, Rob Weir, and Peter Walton switch positions. Weir will line up on the blind side, where he used to play, while Walton will be at No 8 in an international for the first time but Dixon insisted: "I don't see that as a gamble."

Scotland's 17-man squad consists of: Forwards (Scotland): 1. Mark Bennett (Glasgow), 2. Mark Bennett (Glasgow), 3. Mark Bennett (Glasgow), 4. Mark Bennett (Glasgow), 5. Mark Bennett (Glasgow), 6. Mark Bennett (Glasgow), 7. Mark Bennett (Glasgow), 8. Mark Bennett (Glasgow), 9. Mark Bennett (Glasgow), 10. Mark Bennett (Glasgow), 11. Mark Bennett (Glasgow), 12. Mark Bennett (Glasgow), 13. Mark Bennett (Glasgow), 14. Mark Bennett (Glasgow), 15. Mark Bennett (Glasgow), 16. Mark Bennett (Glasgow), 17. Mark Bennett (Glasgow).

The Ireland pool Nick Poplewell said yesterday that he was struggling to recover from a hamstring injury in time to play for Ireland against Scotland on Saturday. Poplewell pulled a hamstring when playing for Newcastle against Leicester in the Pilkington Cup at the weekend and was unable to take any part in an Irish squad training session on Monday.

European Cup to change format for '97

The pool stages of the European Cup will be played on a home and away basis next season - rather than one-off games - with the number of teams from each country remaining the same. England, France and Wales will each have four representatives. Ireland and Scotland three each and Italy one.

The final place will be decided by a play-off between Italy's second nomination and Romania's champion club.

The 20 teams will be split into five pools of four with the winners of each going through to the quarter-finals. The remaining quarter-finalists will be drawn from three matches played between the five runners-up and the best third-placed team.

The format for the European Conference has yet to be decided, but the tournament will continue and matches will be played on some, or all, of the weekends devoted to European Cup games.

The Rugby Football Union have responded in a calm manner to criticism from Orrell's chairman Ron Pimblett that his club's amendments before the special general meeting on 9 March had not been circulated.

"This appears to be a blatant attempt by RFU committees to disenfranchise the membership and remove the democratic process," Pimblett said.

But the RFU denied the charges last night. "We would submit the RFU has acted efficiently and promptly," a statement said.

Orrell, firm supporters of the executive committee chairman, Cliff Brittle, want guaranteed powers for the chairman of the management board under the new structure.

The Swansea coach, Mike Ruddock, is considering a three-year contract with the Leinster provincial team. Ruddock's wife is Irish and he joined the Welsh club after a spell with Beccles Rangers.

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3. Derby v. Chelsea	2.2
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6. Man United v. Coventry	2.5
7. Newcastle v. Southampton	2.6
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16. Macclesfield v. Wyke	2.15
17. Notts County v. Brentford	2.16
18. Peterborough v. Chesterfield	2.17
19. Plymouth v. Blackpool	2.18
20. Preston v. Bury	2.19
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96. York v. Luton	2.95
First Division	
97. Carlisle v. Lincoln	2.96
98. Darlington v. Brighton	2.97
99. Southend v. Barnet	2.98
100. Swindon v. Charlton	2.99
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FOOTBALL	
7.30 unless stated	
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Wolves v. Ipswich (7.45)	
COCA-COLA CUP	
Sheff Wed v. Middlesbrough (8.0)	
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A woman's fight
Title defence for Britain's world
boxing champion, page 24

sport

Facing France
Tony Underwood explains their
strengths and weaknesses, page 26

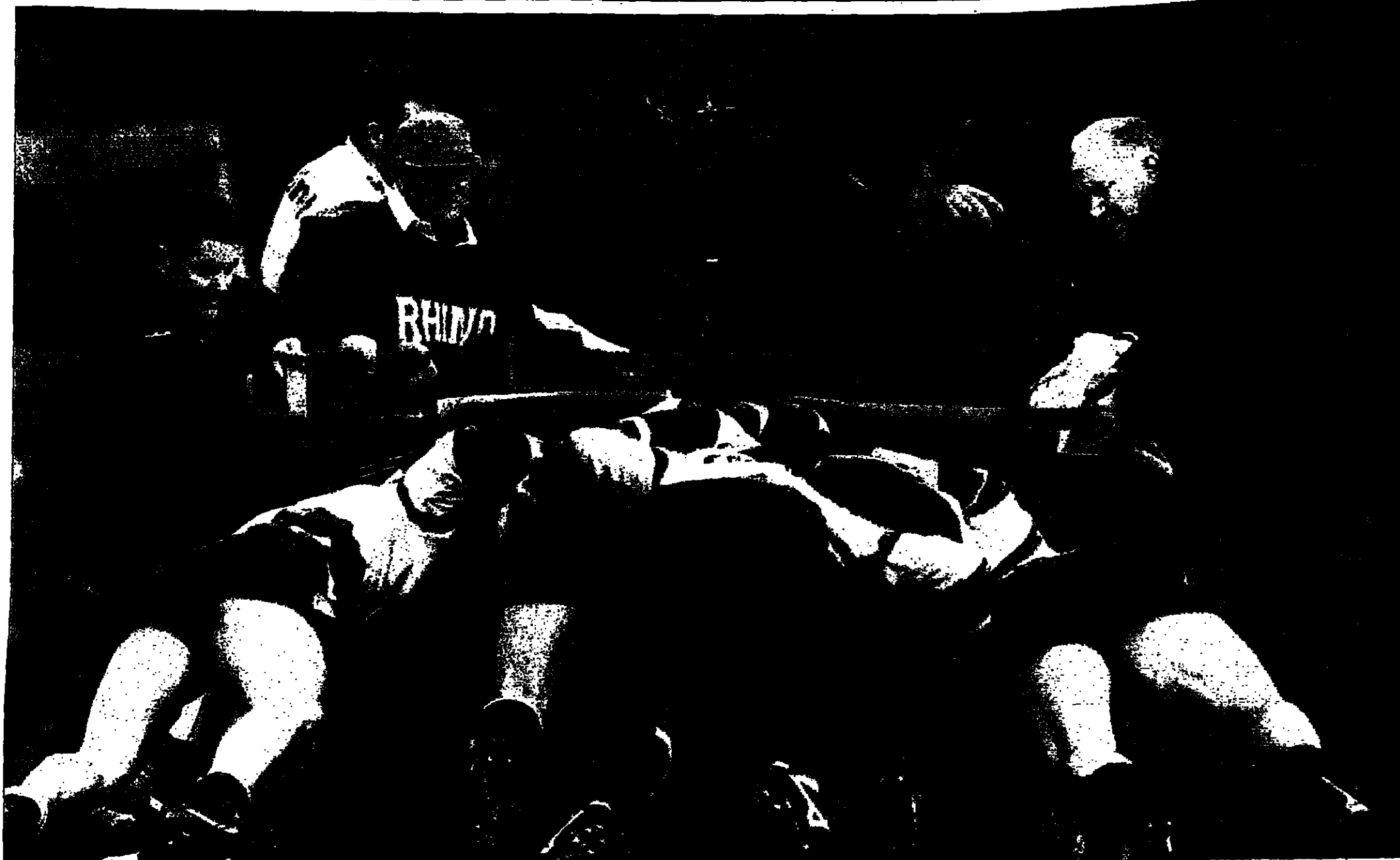
Rowell quick to defend players' qualities

Rugby Union
CHRIS HEWITT

Jack Rowell stopped short of openly criticising Fran Cotton's initial Lions selection yesterday, but the England coach dropped enough hints to suggest that he was not remotely amused by the omission of his entire three-quarter line. Will Carling omitted himself, of course, but Rowell made a strong point of speaking up for the others.

The failure of Phil de Glanville, Jon Sleightholme and Tony Underwood to make Cotton's preliminary party of 62 caused so much fuss last week that Rowell, who has fielded more than his fair share of flak in recent months, must have felt grateful to the selectors for taking their turn in the firing line. Yesterday, however, it was time to put his head above the parapet once again. Rowell's heartfelt defence of De Glanville's contribution as England captain was particularly pointed. "I'm not saying Phil is any better or worse a player than John Dawes was, but he's our equivalent," he asserted. A choice of comparison could not have been more loaded for Dawes, often under-valued as a centre by his own Welsh countrymen, left an indelible mark on the world game as captain of the legendary Lions who overcame New Zealand in 1971.

"What is important for all three players is that they perform well for England," continued Rowell. "That is the best way forward to a Lions place this summer. Knowing the three as I do, I think the events of the last week will make them



Practice makes perfect: The England players get to grips with their scrum machine during yesterday's training session at Bisham Abbey

Photograph: David Ashdown

more determined. Tony Underwood played the best game of rugby I've ever seen from him in Ireland 11 days ago and while I haven't discussed the Lions with him or anyone else, I know they'll give even more than usual against France."

Worryingly, De Glanville and four colleagues were still hampered by injury yesterday and

will require treatment before Saturday's Five Nations confrontation at Twickenham. The captain, struggling with ankle problems sustained during Bath's weekend victory at Bristol, was joined on the casualty list by Martin Johnson, the Leicester lock, and Richard Hill, the Saracens flanker, both with similar ailments. Simon

Shaw, the Bristol second row, and Mike Catt, the reserve outside-half from Bath, also complained of shoulder and calf conditions respectively. Although Hill and Catt were unable to take any part in yesterday's session - the other three just about coped with light duties - Rowell was confident of fielding his selected

side against the French. "People tend to get themselves up for an England match, especially one of this magnitude," he said.

"The French are always dangerous, frightening even, particularly when they get their fluent multi-handling game going. It seems to me that Jean-Claude Skrela and Pierre Villepreux, have relaunched

the side with their coaching. They do not appear to be as constrained mentally as they have been in previous years and if we are not at our best, we could find ourselves leaking points."

Aware of the most recent taunts aimed at England - that they are either incapable of, or unwilling to, play fast, adventurous rugby without spending

the first hour of a match squeezing the breath from the opposition - Rowell confirmed that he would be seeking early progress on Saturday.

"We need to settle more quickly and play more accurately," he said. "We started scrapping against the Irish, and we have already talked about that amongst ourselves. I know

we can be untidy and give things away. If you do that against the French you are playing with fire. We need to perform with the meanness of the best New Zealand sides."

If England can live up to that demand against the Tricolores, a Grand Slam will be theirs for the taking.

Talk returns, page 26

Operation puts Shearer out for a month

Football
GUY HODGSON

The prospects of Newcastle United winning their first major trophy since 1969 - which have always seemed entwined with Alan Shearer's fitness and form - were placed in serious jeopardy yesterday when the England striker underwent an operation on his groin.

The most optimistic estimate for his return is a month, by which time Newcastle's assault

on the Premiership and the Uefa Cup could have been derailed. More worryingly, this is the third time Shearer has had an operation on the injury in eight months, suggesting a longer lay-off may be necessary for a proper cure.

Even if he resumes his extraordinarily quick recuperation of last autumn, he will miss both legs of the Uefa Cup quarter-final against Monaco and five League matches, including the potentially decisive away matches at Liverpool and Wimbledon.

He must also be rated extremely doubtful for England's friendly against Mexico at Wembley on 29 March.

"Anyone watching Alan play lately would agree that he has not been the Alan Shearer Newcastle fans know and love," Graham Courtney, a club spokesman, said. "He's been struggling with the injury and now he's had an operation to rectify the problem. We look forward to having him back as quickly as possible."

Shearer, who cost Newcastle a world-record £15m when they

bought him from Blackburn last summer, was out of action for just over a month after surgery in the wake of the 5-0 defeat of Manchester United on 20 October.

He missed England's 2-0 win in Georgia in a World Cup qualifier and six Newcastle games, only two of which were won, before returning to action in the 1-1 draw at Chelsea on 23 November. Since then, Shearer has scored 15 goals in 18 games, taking his tally for the season to 23 and reviving Newcastle's title hopes in the process.

That operation followed another last May, which at one time threatened his place in the England squad for the European Championship finals. He recovered to play a key role, but the surgery was only a temporary success.

Certainly the England coach, Glenn Hoddle, suggested yesterday that all has not been well with his principal striker for some time when he admitted the latest operation had been inevitable. "I've been aware of the problem and there's no doubt

that it needed to be dealt with," he said. "Alan has kept me informed of his plans over recent days and Kenny Dalglish and I want him back as soon as possible. It's the third operation of its sort that he's had and we'll be hoping for as speedy a recovery as on the previous occasions."

Shearer played in the 1-0 win at Middlesbrough on Saturday which lifted Newcastle to third place, six points adrift of leaders Manchester United with a game in hand. He had a quiet game, however, and his failure

to get a goal ended his hopes of scoring against all 19 Premiership opponents this season, a feat for which the bookmakers had offered odds of 500-1 at the start of the season.

Shearer's absence means the partnership with his fellow England striker, Les Ferdinand, has been disrupted again. They have scored 41 goals between them this season, including seven in Newcastle's last four games, but one or both has been missing for 11 games.

In the past, Faustino Asprilla

has filled the void, although he was dropped for Saturday's match and is suspended for Tuesday's home tie against Monaco. Instead, Dalglish may recall Peter Beardsley, who has been relegated to the substitutes' bench for Newcastle's last two matches.

Dalglish's attacking options have been reduced by the sale of Darren Huckerby to Coventry shortly before Kevin Keegan's departure and that of Paul Kitchen to West Ham two weeks ago.

More football, page 27

Pearce uncertain in new Forest regime

JON CULLEY

Nottingham Forest began life under new owner yesterday amid fresh uncertainty over the future of their player-manager, Stuart Pearce.

The 34-year-old England player was expected to reveal plans to spend a £16m transfer fund following Monday's sale of the club to a consortium headed by the Saracens owner, Nigel Wray, and the former Tottenham chairman, Irving Scholar.

But at a low-key press conference at the City Ground, the new regime failed to deliver firm backing for the man who stepped into the breach when Frank Clark resigned in December. Pearce even suggested he might stand down himself if it would help Forest avoid relegation from the Premiership.

Property developer Wray, the main financial muscle behind the £19.1m offer which shareholders voted overwhelmingly to accept on Monday evening, was back at his desk in the City yesterday, leaving the new chief executive, Phil Soar, to take charge at Forest. Scholar, who took a 16 per cent stake in the club with Wray holding 27 per cent, was at the news conference but sat away from the platform, where Pearce was flanked by Soar and the incumbent chairman, Irving Korn. With no opening address from Soar - and no endorsement of Pearce's position as manager - it was left to Pearce to do most of the talking. The message that came across was that neither he nor his new employers are sure about his role in Forest's future.

Pearce spent an hour and a half in talks yesterday morning, not with Soar but with Scholar, who has been asked to advise the club as football consultant. "Mr Scholar was very forthright and we learned a lot about each other," Pearce said. "There were one or two issues raised concerning my future and we talked about the possibility of having a general manager. It is difficult to combine all of the things I have to do at the moment, including playing for England."

"I was probably put in the position prematurely. In other circumstances, if anyone had asked me if I wanted to be manager of Nottingham Forest I would have said, 'yes, when I've finished playing.'"

Pearce has told the new owners he will continue until the end of the season but hinted he could stand down before then. "I'm happy to go along with whatever is going to be for the benefit of the club," he said. "If I felt that stepping down as manager and just carrying on as a player would help us stay in the Premiership I would do so without hesitation."

There was no tub-thumping about buying new players, despite Forest's plight in the bottom three of the Premiership and with the transfer deadline just three weeks away. Soar said privately he would be relying on Scholar to help in transfer dealings and Pearce admitted it was part of the job he did not relish. "Sometimes the financial business can keep you away from the training pitch and that's where I enjoy being," he said. "We are on a learning curve really. If it be that someone else deals with other clubs we will do that."

The new owners won control on Monday, when they received the backing of 189 of Forest's 202 active shareholders at an extraordinary general meeting.

While no one imagines that Wray, reputed to have made £60m from property and media deals, does not see Forest as an investment, the involvement of Soar probably appeased those who wanted to see the management retain a local flavour. Although he lives in Berkshire, the 49-year-old author and publishing executive was brought up in Bilborough, on the city's outskirts, and has been watching Forest since he was nine. As a season ticket holder he has many friends at the club.

Scholar returns to football six years after selling Tottenham to Alan Sugar for a reported £8m. He and Soar have known one another since the mid-1980s, when Soar was engaged to write Tottenham's official history. He pioneered football's entry into the Stock Market, floating Tottenham long before even Manchester United could see the benefits of such a move.

Forest's new owners plan to float this year, joining a procession of clubs attempting to cash in on the windfalls to be made in the City.

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Pearce: Putting club first

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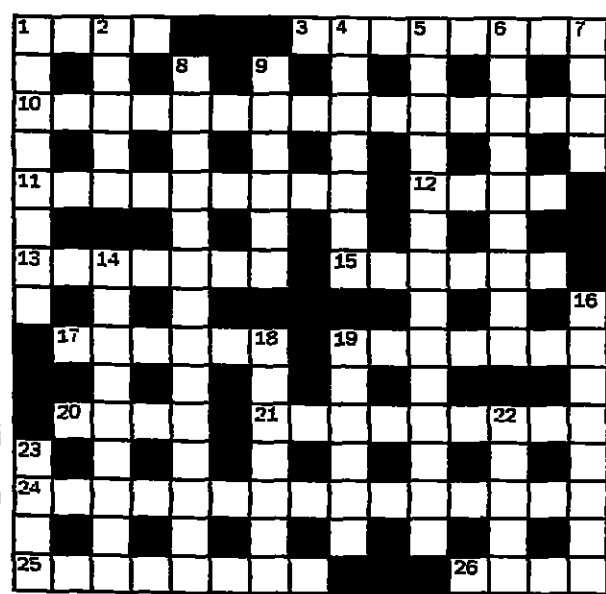
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THE INDEPENDENT CROSSWORD

No. 3232, Wednesday 26 February

By Aquila

Tuesday's Solution



ACROSS
1 No baked beans in this helmet? (4)
3 Strong-scented plant, always rare after first of February (8)
10 Long-standing stone or long standing-stone (7,8)
11 First inside safe boundary (9)
12 Disadvantage of alloy expressed symbolically (4)
13 Short trip to go wrong attended by sandstorm (7)
15 Calls some of this group honest (6)
17 Type to leave Arramanches such architectural features? (6)
19 Of course, he is marking cards (7)
20 Grass border plant opening (4)
21 Line essential to score? (9)
24 Celebration in which heavens lift vast yield (7,8)

DOWN
2 French article camouflaged but exposed (8)
6 Tone-lowering character in apartment (4)
8 Trudges about to find foreign pastries (8)
9 Horse always in front? (5)
4 For example, return journey can be something to boost one's own image (3,4)
5 Coats put on in stormy, moist peninsula (8,6)
7 Reluctant mole - he can do as he pleases (4,5)
6 Accompanying woman, hit is unexpected (4)
8 Schäler, whose line came from Alsace? (6,8)
9 Human figures lose energy, standing (6)
14 Element not widely known on this planet (4,5)
16 Small burn right inside pamphlet (8)
18 Is it superior to a Border Terrier? (7)
19 Medicine to make one competent in race (6)
22 One is struck with a name almost abandoned (5)
23 Cream bun, dear? (4)

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